

S. HRG. 109-455

**NOMINATION HEARING OF RICHARD RAYMOND
TO BE UNDER SECRETARY FOR FOOD SAFETY,
DEPARTMENT OF AGRICULTURE**

**HEARING
BEFORE THE
COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY
UNITED STATES SENATE**

ONE HUNDRED NINTH CONGRESS
FIRST SESSION

JUNE 22, 2005

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WEDNESDAY, JUNE 22, 2005

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY,
Washington, DC.

The committee met, pursuant to notice, at 10:10 a.m., in room SR-328A, Russell Senate Office Building, Hon. Saxby Chambliss, chairman of the committee, presiding.

Present or Submitting a Statement: Senators Chambliss, Grassley, Nelson and Salazar.

**STATEMENT OF HON. SAXBY CHAMBLISS, A U.S. SENATOR
FROM GEORGIA, CHAIRMAN, COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY**

The CHAIRMAN. Good morning. We are pleased to be here today to consider the nomination of Dr. Richard Raymond to be the Under Secretary of Agriculture for Food Safety. Dr. Raymond currently serves as the Director of the Nebraska Department of Health and Human Services Regulation and Licensure.

As Director of Regulation and Licensure, he oversees regulatory programs involving health care and environmental issues that affect public health. He was appointed to the Regulation and Licensure Director position by then-Governor Mike Johanns on October 26, 2004.

While I apologize for being late, I have been sitting with the former Governor Nebraska in my office for the last few minutes discussing some agricultural issues, Dr. Raymond.

Since January 1999, Dr. Raymond has also been serving as Nebraska's Chief Medical Officer, overseeing public health programs, including disease prevention, health promotion and preparedness planning. Dr. Raymond is currently President of the Association of State and Territorial Health Officials and has served on the Association's Preparedness Committee and Food Safety Committee for 3 years.

He is a lifelong Nebraska resident who practiced medicine in rural Nebraska for 17 years. Dr. Raymond also established and directed a community-based family practice residency for Clarkson Medical Center for 10 years. Dr. Raymond is joined today by his wife, Jane, and by Marlene Goroff, a family friend.

We are also pleased that Senator Hagel, who is my good friend, is with us today to introduce Dr. Raymond to the committee.

Senator Hagel, welcome to the Ag Committee and we look forward to your introduction.

[The prepared statement of Senator Tom Harkin can be found in the appendix on page 12.]

STATEMENT OF HON. CHUCK HAGEL, A U.S. SENATOR FROM NEBRASKA

Senator HAGEL. Mr. Chairman, thank you. It is always a privilege to be with you, and especially in these hallowed halls of glory and power in the Senate Agriculture Committee room. So I know I am not worthy, but nonetheless you have allowed me a reprieve and a visa for 1 hour.

The CHAIRMAN. You will get an extra bag of peanuts for those comments.

[Laughter.]

Senator HAGEL. Thank you, sir. Georgia peanuts.

The CHAIRMAN. That is right.

Senator HAGEL. Mr. Chairman, I am pleased and very proud this morning to be here to introduce this committee to a very distinguished Nebraskan.

The United States food supply, as we all know, is the safest in the world. It is critical that the U.S. continue that standard and remain on the cutting edge of food safety. Strong leadership and innovative thinking is essential to that goal. I believe the President's nominee to be the next Under Secretary of Agriculture for Food Safety fulfills those requirements.

Mr. Chairman, I am very, very proud to introduce to this committee the individual the President believes is best qualified to provide that leadership, Dr. Richard Raymond. His humble upbringing in Loup City, Nebraska, and passion for public service gave him the foundation to become one of our Nations' most knowledgeable and hard-working public health professionals.

Over the last 6 years, Dr. Raymond has served as the Chief Medical Officer for the Nebraska Health and Human Services System, as you have noted. His innovation and efforts have been instrumental in crafting Nebraska's nationally recognized public health system.

Dr. Raymond and I have worked closely together on initiatives to enhance and expand public health care in Nebraska and the public health workforce in rural America. I am confident that his leadership, experience and depth of knowledge will maintain and strengthen U.S. food safety standards. President Bush and Secretary Johanns could not have picked a more respected professional for this job.

I might note on a personal level, Mr. Chairman, that Dr. Raymond was telling me, not unlike so many dynamics in America, that his father once worked for the USDA in 1942, then enlisted in the Army to serve in World War II, and that may have well been an early seed, a seedling, a Raymond seedling, for a future distinguished senior public official in the United States Department of Agriculture.

So again, Mr. Chairman, thank you for allowing me the privilege to be here this morning to introduce Dr. Raymond, and I am confident that he will serve with great distinction and honor.

Thank you.

The CHAIRMAN. Senator, thank you very much for being here.

Dr. Raymond, I will tell you, you couldn't have a better person to bring with you to introduce you to this committee than my good friend, Chuck Hagel.

Senator HAGEL. Thank you. Now, he is on his own.

The CHAIRMAN. You don't want to be under oath with him. Is that what you are telling us?

Senator HAGEL. I get nervous under oath.

[Laughter.]

Senator HAGEL. Thank you, Mr. Chairman.

The CHAIRMAN. Dr. Raymond, we welcome you. As I am required to do, I will ask you to stand and raise your right hand, please.

Do you swear that the testimony you are about to give before this committee shall be the truth, the whole truth and nothing but the truth, so help you God?

Dr. RAYMOND. I do.

The CHAIRMAN. Do you agree that, if confirmed, you will appear before any duly constituted committee of Congress if asked?

Dr. RAYMOND. I do.

The CHAIRMAN. Thank you very much and we look forward to your comments.

STATEMENT OF RICHARD RAYMOND, M.D., OF NEBRASKA, TO BE UNDER SECRETARY FOR FOOD SAFETY, U.S. DEPARTMENT OF AGRICULTURE

Dr. RAYMOND. Thank you, Mr. Chairman. Mr. Chairman, Senator Harkin and other distinguished members of the committee who will review this testimony, I am grateful for the opportunity to appear before you this morning as President Bush's nominee for Under Secretary for Food Safety at the United States Department of Agriculture. I want to thank the President and Secretary Johanns for their support and trust in nominating me for this important position. I also want to thank Senator Hagel for taking time from his busy schedule and for his kind introduction.

For the record, I am Richard Raymond from the State of Nebraska, and I am very humbled, and at the same time very honored to have been nominated to serve our Nation in this capacity.

As you mentioned, with me today is my wife, Jane, to whom I have been married for 35 years, and she is accompanied by her best friend from her high school days, Marlene Goroff, who was also her bridesmaid at our wedding 35 years ago.

Our children would like to have been here today, but work obligations did not allow that. We have a son who lives in Kansas City, Kansas, and a daughter who lives in Fort Collins, Colorado.

All of Jane's and my grandparents were Nebraska farmers and all of our parents grew up on Nebraska farms. As Senator Hagel mentioned, I think it is very interesting that my father's first W-2 form when he came off of the farm was with the then-Farm Security Administration, a branch of USDA at that time.

I grew up in the small rural town of Loup City, a town of 1,400 people. In a town of that size, in the summertime you work on farms, and you work on farms on the weekends as the only source of income. My wife grew up in Wilber, another Nebraska town, a community of about 1,400. I went to college in Hastings, Nebraska, attended medical school at the University of Nebraska Medical

Center, and then did a rotating internship in Spokane, Washington.

Because of the appreciation and the value that Jane I have for living in small, rural areas and rural communities, we did return to Nebraska to practice family medicine and to raise our family in the O'Neill, Nebraska, area, a rural community area with a population of about 4,400 people.

My interest in public service and public health is deeply rooted in the community of O'Neill, and also in the small town of Loup City and the people I have served as a medical physician for over 30 years. As a family doctor in a rural community, I was the key public health official to my friends, my neighbors and my family.

Their trust was not only rewarding, but it sparked in me a greater interest in public service and public health. After 17 years of rural practice, I was fortunate to have the opportunity to establish and then direct a community-based family practice residency program in Omaha, Nebraska. That residency program had a goal of training young family physicians in the needs and rewards of practicing in rural communities, and we also prepared them to succeed in rural practice, which is quite different than an urban practice.

My appointment in January 1999 as the Chief Medical Officer for the Nebraska Health and Human Services System by then-Governor Johanns presented me with the opportunity to further extend the reach of public health. In the past, food safety officials in the public health community have focused almost entirely on preventing and responding to unintentional contamination of the food supply.

But especially since September 11, 2001, we have come to realize that public health must include defenses against forces that would intentionally contaminate food, water and other of our life necessities. Governor Johanns recognized this and asked me to lead Nebraska's bioterrorism preparedness and response planning. The Nebraska Health and Human Services System has a staff of almost 6,000 people located in 100 locations throughout Nebraska and a budget of slightly under \$2.5 billion per year.

The Nebraska Public Health System under my leadership went from only 20 counties with a health department to having newly established multi-county public health departments that now serve the citizens in all 93 counties of Nebraska to help us meet the new reality and the threats that we are faced with.

If I am confirmed as Under Secretary for Food Safety, I will use my past experience as a scientist, medical doctor, educator and public health advocate and spokesperson to assure that America's food supply continues to be the safest in the world.

I applaud the recent progress and improvements that have been made to our food safety system. I recognize this success is because of the tremendous efforts of thousands of dedicated public health professionals within the Food Safety and Inspection Service at USDA, but I know we can and we must do better.

I believe that by working with this team of public health professionals and by cooperating, communicating and collaborating with other internal and external stakeholders that we can make additional strides in improving our food supply.

Mr. Chairman, I assure you that if I am confirmed by the committee and then by the U.S. Senate, I will work with you and the members of this committee to earn your respect and your support as we work together to make our food supply the safest possible.

Thank you, and I look forward to trying to answer any questions you may have.

The CHAIRMAN. Thank you very much, Dr. Raymond.

You have clearly had a distinguished career in rural medicine, as well as in public health administration. Could you share with the committee how you believe these and any other experiences have specifically prepared you to lead the USDA Food Safety Inspection Service?

Dr. RAYMOND. Mr. Chairman, I have come to believe strongly in the principles of public health. Any time we are faced with a problem and need a solution, I think we need to do a thorough assessment, that we need to develop policy to address those issues, and then we need to come back and do an assurance to make sure that the policy is being met and that we have improved the public's health and safety.

Having worked in a small State, population-wise, to prepare us for any public health emergency, be it intentional or unintentional, has required working with multiple individuals from multiple walks of life, multiple advocates and multiple associations to combine what could be viewed as a limited personnel population to gather the expertise from everybody we possibly could.

I think in Nebraska we have done a wonderful job of building our preparedness efforts by using people internal and external, and listening and responding and doing the assessments.

The CHAIRMAN. Given your background as a local medical practitioner and in rural public health programs, could you characterize for the committee your own personal opinion of the present safety of the U.S. food supply?

Dr. RAYMOND. Mr. Chairman, I believe the food supply safety is the best it has ever been right now. That said, I also know, as I said in my opening remarks, that we can also do better. And I think anytime you can do better, then good is not good enough.

The CHAIRMAN. I understand that one of your duties as the Chief Medical Officer in Nebraska was to help direct the bioterrorism preparedness efforts in your State related to public health and food safety. In addition, I know that you served on the Food Safety Committee for the Association of State and Territorial Health Officials.

Would you explain to the committee in a little more detail what your responsibilities and activities were in those two areas?

Dr. RAYMOND. Certainly. Mr. Chairman, I would like to give you an example of what we did in Nebraska. I don't remember the exact date, but when we got the guidelines for the cooperative agreement from the Centers for Disease Control and Protection that said how the \$1.1 billion was going to be distributed to the States to build preparedness, Nebraska was informed that we would get \$8.5 million.

In the guidelines, there was a list of about 30 individuals or associations that needed to be on the advisory committee to help guide

us on how we were going to spend those dollars to better prepare Nebraska for bioterrorism possibilities.

I looked at that list that night. Things like the Red Cross, the Office of Rural Health, EMS, hospitals associations—they were all on there. But one large constituent that was not on that list was agriculture, and the following morning when I got to work, I called Merlin Carlson, who at that time was the Director of Ag for Nebraska and told Merlin we have \$8.5 million to help prepare Nebraska for biological attack, and I think that includes agro terrorism, Merlin.

He was in my office in 5 minutes with a cup of coffee and we sat down and made a plan to include ag on our committee, and we also continued to support ag financially from those grants to run what is called the LEDRS Program in Nebraska.

The CHAIRMAN. Nebraska is a State that has a lot of production of agricultural products both for feed use as well as for human consumption. You also are one of the leading livestock producers, as well as one of the leading packaging and processing States in the country.

With the leadership that you have provided to the folks in Nebraska, are you confident from the farm to the grocery store there are mechanisms in place to detect any potential input of bioterrorism agents in that food supply such that the people of Nebraska and other parts of the country that buy those products would be safe?

Dr. RAYMOND. Mr. Chairman, as I said earlier, I know we are dramatically better than we were four or 5 years ago. That doesn't mean we are where we need to be. When you look at the rates of recalls, the rates of human illness from food pathogens and the rates of positive sample testing of the products being produced in America and you see those rates going down dramatically over the last 4 years due to the work of the Food Safety Inspection Service, that in itself says our food is safer because what we do to protect our food from accidental contamination also helps protect our food supply chain from intentional contamination.

That said, we will look at all options, if I am confirmed, to find the most effective and most efficient way to accomplish the goals of the Office of Food Safety, and that certainly involves and includes protection against intentional contamination.

The CHAIRMAN. If you are confirmed as Under Secretary for Food Safety, what are some of the key challenges or opportunities related to U.S. food safety that you look forward to addressing in that new role?

Dr. RAYMOND. One of the things that we do need to do—and I look at them as both challenges and opportunities—one thing that I do feel that I have learned from the briefings and the reading that I have done is that we can improve our communications. I think we can improve our communications within the system, within the agency, within the Department and within other Federal agencies that have responsibility to assure food safety. I think we can also improve our communications with our constituents, with the public and with industry.

I am certain that can be done. I know it has to be done. One of the responses to any type of infectious disease, intentional or unin-

tentional, is rapid communications with the public and with the producers, and I know we can do better there.

The other challenge, but also opportunity, I see is to improve our laboratory network system. We must have a robust laboratory system to promptly find sources of contamination and identify them so we can identify and treat them, and the labs must be able to communicate with each other. If we have a contaminant in California and one in Florida that has the same DNA footprint, that might be intentional as opposed to accidental. We must be able to do that better than the capacity that we currently have.

The CHAIRMAN. The reason I was late getting here was I was visiting with the Secretary about an issue of critical importance not just to the livestock industry, but to all Americans who enjoy beef and other livestock products. That is this issue of BSE that has raised its ugly head over the last couple of years in this country as well as with some of our trading partners.

Your perspective may not necessarily involve the trade implications of BSE. However, that is one of the issues the Secretary and I were talking about this morning, but also critically important is the food safety side of the issue of BSE.

Would you comment and give us your thoughts on what potential there is for harm being done to the domestic food chain because of the possibility or even the probability of BSE being found in the United States?

Dr. RAYMOND. Mr. Chairman, I know that opening the borders to trade is one of the Secretary's very top priorities, and therefore it will be done of my top priorities. While I won't be involved in the actual trade discussions, my job, I think, is to assure the Secretary with the best science possible that the public's health is protected by the current measures that we have instituted in this country to protect against us BSE. I do think they are working.

I do think, if confirmed, the Secretary will look to me to be a partner. I do feel, and I think he feels, that the best marketing tool for our producers is to guarantee the public a safe product.

[The prepared statement of Dr. Richard Raymond can be found in the appendix on page 16.]

The CHAIRMAN. It looks like I am being surrounded by Nebraskans this morning. We have been joined by one of your finest, and that is my good friend, Senator Ben Nelson.

Senator Nelson.

STATEMENT OF HON. BEN NELSON, A U.S. SENATOR FROM NEBRASKA

Senator NELSON. Well, thank you, Mr. Chairman. I am sorry to be late, as well. I had an unavoidable conflict that I had previously scheduled, but I would like to say thank you for holding this hearing and giving the opportunity to me now to make some comments about Dr. Raymond.

One only needs to review Dr. Pierson's statement last month in the Federal Workforce and Agency Subcommittee to understand the complexity of the food safety regulatory system. I might add also my thanks for Dr. Pierson's service to USDA in his role as Acting Under Secretary.

As Dr. Raymond appears on the scene, I think he inherits the world's safest food supply and knows that as time goes by, that is what we need to continue to be able to have and protect and project for the rest of the world at a time when we end up with trade implications with countries unilaterally taking exception to our food safety, as in the case of the country Japan in working their way through what appears to me to be nothing more than a non-tariff trade barrier on our beef today.

I have got a longer statement, very positive, about Dr. Raymond, with all the experience he has had in practicing in rural areas, that I would like to put in for the record.

The CHAIRMAN. Without objection.

[The prepared statement of Senator Ben Nelson can be found in the appendix on page 13.]

Senator NELSON. My question today is as you are looking at FSIS—and it is a food safety, food security issue today—do you have the necessary tools to be able to do what is required to assure the world and the Nation that we will continue to have the world's safest food supply?

Dr. RAYMOND. Senator Nelson, thank you for that question. I do. From the information that I have been able to gain in the last couple of weeks since the nomination was announced, I do feel the tools are there. I also feel we can make more efficient use of those tools and do a better job and expand some of what we do by taking a look at how the agency goes about its business, if I get that opportunity.

Senator NELSON. In that regard—and maybe you don't know, but I hope that if you don't, you will be able to find out—what kind of coordination is there between food safety today and food security, which could also raise a question about the ultimate food safety of American products?

Dr. RAYMOND. Senator, I think food safety and food protection go hand in hand. I really do feel you can't have one without the other. I think whether it is an intentional or unintentional contamination of our food supply, in Nebraska when we received those very important bioterrorism preparedness dollars, what we did was we spent every single dollar to improve our public health preparedness for Mother Nature, for tornadoes, for West Nile Virus, but also for intentional acts of contamination such as small pox and other events. They really do go hand in hand.

Senator NELSON. Is there a system in place or a mechanism to keep that coordination, if you know?

Dr. RAYMOND. Senator, I do know that the agency has hired additional personnel, with their sole responsibility being protection of the food supply from intentional contamination, and that they have actually established a separate office to make sure that everything is being done that can be done to protect that.

Senator NELSON. I think there is a test that is being run on one critter that was, I guess, tested initially positive for BSE. Do we know the age of that animal?

Dr. RAYMOND. Senator, all I know is having read that that animal was born before the food bans were put into place.

Senator NELSON. So we are still, as far as we are aware, OK with animals 30 months or under being free of BSE. Is that fair?

Dr. RAYMOND. Senator, I think it is fair for me to respond that I am comfortable with that ruling from what I have read and learned and studied, yes.

Senator NELSON. OK. Thank you very much, Mr. Chairman. Thank you, and I look forward to working with you, Dr. Raymond. I am sorry that you are leaving Nebraska, but we are glad you are here.

Dr. RAYMOND. It was a very difficult decision to make because of my love for Nebraska, Senator, as I am sure it was when you came to work here.

Senator NELSON. It has been. Thank you.

The CHAIRMAN. We have been joined by Senator Grassley and Senator Salazar. Do either of you have any questions or comments for this witness?

Senator Salazar.

**STATEMENT OF HON. KEN SALAZAR, A U.S. SENATOR FROM
COLORADO**

Senator SALAZAR. Just a short comment.

Dr. Raymond, I very much enjoyed our meeting yesterday. I recognize that when we come from the kinds of backgrounds that we come from, the rural areas, and have an opportunity to serve our country, it is a privilege. It also puts a warm place in our hearts to make sure that we are doing everything we can for agriculture and for rural communities. I very much look forward to working with you on the issues that will confront the Department on food safety.

As we spoke yesterday, one of those issues that I want us to work together on is the whole issue of the Canadian border and making sure that the road map to opening up that border is a road map that is articulated and one that I can fully support. So I look forward to working with you upon your confirmation, as well as with other members of the USDA on that effort.

Thank you very much.

The CHAIRMAN. Dr. Raymond, thank you very much for being here this morning. It is our intention to move this nomination through the confirmation process as quickly as possible. In that regard, the record will be open for 5 days to give any other member of the committee the opportunity to submit questions to you. And if that should happen, we would ask that you please respond to those very promptly so that we can continue this nomination through the process.

Thank you very much, Dr. Raymond, for your willingness to serve and we will look forward to staying in touch.

Dr. RAYMOND. Thank you, Mr. Chairman.

[The biographical information of Dr. Raymond can be found in the appendix on page 20.]

[Whereupon, at 10:35 a.m., the committee was adjourned.]

A P P E N D I X

JUNE 22, 2005

STATEMENT OF SENATOR TOM HARKIN (RANKING DEMOCRATIC MEMBER)
HEARING ON THE NOMINATION OF RICHARD RAYMOND, M.D.
FOR UNDER SECRETARY FOR FOOD SAFETY
JUNE 22, 2005

I would like to welcome to the Committee Dr. Richard Raymond, nominated by President Bush for the position of Under Secretary for Food Safety at the Department of Agriculture. The Under Secretary for Food Safety is this country's highest ranking food safety official and is one of our nation's top scientific and public health appointments. This position is critical to ensuring the safety of our food supply from contamination—either accidental or intentional. And a strong food safety system that has the full confidence of consumers is also vital to the success of our nation's livestock, meat and poultry production and processing industries.

The position of Under Secretary for Food Safety was created in the 1994 USDA Reorganization Act, which also consolidated the Department's food safety activities within the Food Safety and Inspection Service (FSIS). The purpose of this restructuring at USDA was to elevate the importance of food safety and to ensure that USDA's food safety programs would be kept separate from its market promotion programs to avoid any potential conflicts of interest.

FSIS is now recognized as an essential public health regulatory agency and a vital part of our nation's public health system. The Under Secretary position must be filled by a person with solid public health and scientific credentials. It is encouraging that Dr. Raymond has a background and experience in public health. As the current director of the Nebraska Department of Health and Human Services Regulation & Licensure, he oversees regulations for the state's health and human services system, covering health care issues, environmental issues that impact public health, and the investigation of disease outbreaks.

The Under Secretary for Food Safety is faced with very serious challenges. There have been substantial improvements in our meat and poultry inspection system, but there is also a lot of room for improvement in properly and fully implementing the HACCP system and microbiological performance standards. We are approaching the ten-year mark since this system was adopted, yet there are still unresolved issues and problems, including questions about the role and responsibilities of food safety inspectors in a HACCP-regulatory environment and about USDA's management and enforcement of food safety standards in the meat and poultry inspection system. In addition, threats of intentional contamination and bio-terrorism have to be taken very seriously and guarded against.

Again, Dr. Raymond, welcome to our Committee and I wish you success as Under Secretary for Food Safety. I want to assure you personally that you will have my full support for taking the strong actions and tough decisions necessary to protect the safety of our nation's meat and poultry supply. You will not go wrong if you maintain and enforce high standards that earn the public's trust.

Thank you, Mr. Chairman.

Statement on Dr. Richard Raymond:

Mr. Chairman, thank you for the opportunity to speak momentarily on the nomination of Dr. Raymond to serve as the undersecretary for Food Safety within the U.S. Department of Agriculture.

One only needs to review Dr. Merle Pierson's statement last month to the Federal Workforce and Agency Subcommittee to understand the complexity of the food safety regulatory system. I might add my thanks for Dr. Pierson's service to USDA in his role as Acting Under Secretary.

The American food supply is safest in the world, and it is important that we focus our resources and energies on keeping it that way. An effective food safety and security system depends upon leadership from the top, working with

Federal, State, and local government agencies and our partners in the private sector.

Dr. Richard Raymond, as a director within the Nebraska Department of Health and Human Services, has demonstrated such leadership through a wealth of experience and record of accomplishment in overseeing regulatory programs involving health care and environmental issues impacting public health.

He is a life-long resident in my home state of Nebraska and, through his 17-year practice of medicine in rural Nebraska, brings to Washington an understanding of the unique challenges facing our farmers and ranchers, small businesses, restaurants and food processing companies. He also has been involved in numerous panels and committees related to public health in his role as Nebraska's chief public health spokesperson and advocate.

The mission of the Food Safety and Inspection Service is to ensure that meat, poultry, and egg products prepared for use as human food are safe, secure, wholesome, and accurately labeled. FSIS is charged with administering programs providing the continuous inspection of meat, poultry, and egg products prepared for distribution in commerce and re-inspects imported products, to ensure that they meet U.S. food safety standards.

Overseeing public health programs, including disease prevention and health promotion, Dr. Raymond's background and experience will prove an appropriate fit for this position and I support his nomination.

Thank you Mr. Chairman.

Statement of Dr. Richard Raymond
Nominee for Under Secretary for Food Safety
U.S. Department of Agriculture

June 22, 2005

Mr. Chairman, Senator Harkin, and other distinguished members of the Committee, I am grateful for the opportunity to appear before you this morning as President Bush's nominee for Under Secretary for Food Safety at the United States Department of Agriculture. I want to thank the President and Secretary Johanns for their support and trust in nominating me for this position. I also want to thank Senator Hagel for his kind introduction. For the record, I am Richard Raymond, from the State of Nebraska. I am very humbled, and at the same time honored, to have been nominated to serve our nation in this capacity.

With me today is my wife, Jane, to whom I have been married for 35 years. Our two adult children, who live in Kansas City, Kansas, and Fort Collins, Colorado, are not able to be here with us today because of work obligations. Our grand parents were Nebraska farmers, and our parents grew up on farms in Nebraska. Interestingly, my father's first job off the farm in 1942 was with the USDA in the then-Farm Security Administration branch.

I grew up in the small rural town of Loup City, Nebraska, working on farms during the summers and weekends. Jane grew up in Wilber, Nebraska, also a community with a

population of around 1,400. I went to college in Hastings, Nebraska and attended medical school at the University of Nebraska Medical Center followed by a rotating internship in Spokane, Washington.

Because of the appreciation and value Jane and I have for living in a rural area, we returned to Nebraska to practice Family Medicine and to raise our family in the O'Neill, Nebraska area, a rural community with a population of 4,400. My interest in public service and public health is deeply rooted in the community of O'Neill, as well as in the small town of Loup City and the people I have served as a medical doctor for over 30 years.

As a family doctor in a rural community, I was the key public health official to my neighbors, my friends, and my family. Their trust was not only rewarding, but it sparked in me a greater interest in public service and public health. After 17 years of rural practice, I was fortunate to have the opportunity to establish and then direct a community based Family Practice Residency Program in Omaha, Nebraska. Through this program, young family physicians were trained in the needs and rewards of practicing in rural communities and prepared to succeed in rural practice.

My appointment in January 1999 as the Chief Medical Officer for the Nebraska Health and Human Services System by then Governor Mike Johanns presented me with the opportunity to further extend the reach of public health. In the past, food safety officials in the public health community have focused almost entirely on preventing and

Mr. Chairman, I assure you that if confirmed by this Committee and the United States Senate, I will work with you and the members of the Committee to earn your respect and support as we work to make our food supply the safest possible.

Thank you, and I would be happy to answer your questions.

DOCUMENTS SUBMITTED FOR THE RECORD

JUNE 22, 2005

QUESTIONNAIRE FOR UNITED STATES DEPARTMENT OF AGRICULTURE NOMINEES
BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

Richard Allen Raymond, M.D.
(Dick Raymond 1947-present)

2. Date and place of birth.

August 3, 1947 - Loup City, Nebraska 68853

3. Marital Status (include maiden name of wife or husband's name).
List spouse's occupation, employer's name and business address(es).

Married

Carol Jane (Karpisek) Raymond
Church Organist/Pianist
Elkhorn Peace Presbyterian Church
333 South 204th Street
Elkhorn, Nebraska 68022

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

Hastings College - September 1965-May 1968
University of Nebraska Medical Center - August 1968-May 1972
Doctor of Medicine - May 1972

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

July 1, 1972-June 30, 1973
Deaconess Hospital - Spokane, Washington
Medical Intern

July 1, 1973-June 15, 1974
Lynch Clinic - Lynch, Nebraska
Employed as Family Physician first six (6) months
Partner in Medical Practice (2 physicians) January 1, 1974-June 15, 1974

July 1, 1974-May 15, 1990
O'Neill Family Practice, P.C. - O'Neill, Nebraska
Partner in Medical Practice (2-4 physicians)
Served as President of Corporation at various times

June 1, 1990-January 1, 2000
Clarkson Family Medicine - 4200 Douglas Street, Omaha, Nebraska 68131
This is a Family Practice Residency Program and Clinic - part of Clarkson Hospital until a merger of the Hospital with the University of Nebraska Medical Center made it a part of the Nebraska Health System in 1997

Director - August 1, 1990-January 15, 1998
Faculty - January 15, 1998-January 23, 1999
Part-time Faculty - January 23, 1999-January 1, 2000
(one day, one call night/week)

The program monitored and contributed to the education and progress of family practice residents and provided direct patient care.

I basically founded this program for Clarkson. Spent the first year getting it accredited, developing a patient base, clinic and staff, and welcomed the first class of residents on July 1, 1991.

Co-Medical Director, Nebraska Health Systems Hospice Program - January 15, 1998-January 1, 2000

Provided medical advice/consultation/direction on a part-time basis to a new hospice program.

January 23, 1999-Present
Nebraska Health and Human Services System, 301 Centennial Mall South, Lincoln, Nebraska 68508

Appointed Chief Medical Officer for the System by Governor Mike Johanns and still serve in that capacity. Among other duties I am responsible for bioterrorism preparedness, all public health issues and health care professional licensure discipline issues.

In addition, I served as Interim Director of Finance and Support from April to September 2000 and as Interim Director of Services from January 7 to March 23, 2004.

Since October 2004, I have also been serving as Director of Regulation and Licensure. By statute, when the Director of Regulation and Licensure is a Medical Doctor, the position and responsibilities of the Chief Medical Officer are also assumed by the Director of Regulation and Licensure and that title is no longer used.

Governor Johanns named me his "point person" for mental health reform on January 8, 2004, and I continue to serve Governor Heineman in that capacity.

Peace Presbyterian Church, 333 S. 204th Street, Elkhorn, Nebraska 68022
Member of the Session - January 2003-Present
Trustee - January 2005-Present
No compensation for this

Nebraska Medical Association, 233 S. 13th Street, Suite 1512, Lincoln, Nebraska 68508
Board of Directors - 1985-1992
President - 1988-1989
Delegate to NMA House of Delegates - 1982-Present
All uncompensated service

Association of State and Territorial Health Officials (ASTHO)
Executive Committee - 2001-Present
Secretary-Treasurer - December 2002-August 2003
President-Elect - August 2003-September 2004
President - September 2004-Present
All uncompensated service

Fitch-Raymond Building Partnership - 1980-November 2003
Co-owner of the Partnership that owned our clinic building

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

No

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

See #5, Nebraska Health and Human Services System - January 23, 1999-Present
All positions Governor appointed

In that capacity I have also served on the following State Government committees:

- Rural Health Advisory Committee (Governor-appointed) April 1999-present
- Office of Women's Health Advisory Committee (Governor-appointed) 2000-present
- Bioterrorism Advisory Committee (Chair) (Governor-appointed) May 2002-present
- Governor's Blue Ribbon Panel on Infant Mortality (Chair) (Governor-appointed) October 1999-October 2001
- Governor's Commission on Health Promotion and Physical Fitness (Governor-appointed) January 1999-present
- Governor's Drought Management Committee (assumed as R&L Director in 2004)
- Nebraska Environmental Trust Board (assumed as R&L Director in 2004)
- Nebraska Insurance Policy Coalition (Governor-appointed) December 2003-present
- Nebraska Homeland Security Policy Group (Governor-appointed) 2004-present

Federal

National Vaccine Advisory Council (NVAC) - June 2004-Present - Appointed by HHS
Secretary

NVAC Subcommittees:

Vaccine Safety - June 2004-Present

Pandemic Influenza Planning - October 2004-Present

8. **Honors and Awards:** List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

Lifetime membership in the Public Health Association of Nebraska

Distinguished Service to Medicine Award from the Nebraska Medical Association 2003

- only the fourth time they had given this award

Alpha Omega Alpha Medical Honors Society member

9. **Other Memberships:** List all organizations to which you belong, excluding religious organizations.

Nebraska Medical Association

Metropolitan Omaha Medical Society

Association of State and Territorial Health Officials

Public Health Association of Nebraska

Alpha Omega Alpha Medical Honorary Society

10. **Published Writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily

available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

PUBLICATIONS

- Ching, Tynan, Raymond, Bresnitz, Craig, November-December 2004. "Hospital Recruitment for the Smallpox Pre-event Vaccination Program", *Public Health Reports*, (Volume 119, Issue 6)
- Danovaro-Holliday, LeBaron, Allensworth, Raymond, December 6, 2000. "A Large Rubella Outbreak with Spread From the Workplace to the Community", *Journal of the American Medical Association*, Vol. 284, No. 21, p. 2733-2739
- Raymond, RA. September 1995. "Managing Menopause – Hormone Replacement Therapy," *AAFP Home Study Program*, Tape and Monograph.
- Raymond, RA and Elson, JE. 1994. "Lower Extremity Ischemia," *Postgraduate Medicine*, Vol. 95, 96-107.
- Monthly President's Page, *Nebraska Medical Journal*, 1989–1990
- NMA White Paper, *Nebraska Medical Journal*, Generic Drug Position – 1989

COLUMNS/LETTERS TO EDITORS/OP ED PIECES

OMAHA WORLD-HERALD/LINCOLN JOURNAL-STAR

Newborn Screening, 2/25/05
 Flu Vaccine, 10/19/04
 Obesity, 1/23/04
 Smallpox Response Team, 11/03
 West Nile Virus, 8/26/03
 April is Public Health Month, 4/17/03
 Pharmaceutical Industry Research, 6/7/02
 Keep Bioterrorism in Perspective, 12/20/01
 LB 692 Funding for Public Health, 5/29/01
 Shortage of Nurses in Nebraska, 4/26/01
 Warning Signs of Heart Attack, 3/22/01
 Significant Developments in Public Health, 12/21/99
 National Public Health Week April 5th, 1999

OMAHA WORLD-HERALD

Child Abuse and Neglect, 3/26/04
 Newborn Screening Program, 10/7/03
 Children's Status in Nebraska, 7/22/02
 Tobacco Settlement Funds for Public Health Activities, 6/13/02

LINCOLN JOURNAL-STAR

Nebraska's coordinated effort to respond to emergency situations, 9/19/01
 New Immunization Requirements for School Students, 4/01
 Smoking Among Teens, 2/24/99

HASTINGS TRIBUNE

Mental Health Reform, 2/25/04

KEITH COUNTY NEWS - OGALLALA

Funding for Local Health Departments, 8/28/02

GRAND ISLAND INDEPENDENT

Funds from Tobacco Settlement, 9/17/01

CABINET CONNECTION - semi-annual (Health & Human Services internal publication)

Vaccine Shortage, 3/05

Public Health Workforce, 10/04

Public Health Roles in All Three Agencies, 4/04

HHSS Helps Nebraska Prepare for Potential Bioterrorism Threat, 10/03

Public Health Plays Key Role in Bioterrorism Preparedness, 04/03

Fight Against Fat, 09/02

Choices for Healthy Living, 04/02

Tobacco Settlement Money Usage, 10/01

Career Highlights, 05/01

SPEECHES

Governor's News Conference on Physical Activity and Nutrition State Plan - April 27, 2005

Governor's News Conference on the Council on Health Promotion and Physical Fitness Report - August 6, 2003

Plus multiple opportunities in the 6 years as Chief Medical Officer to address nutrition as a portion of many talks
on the state of the public's health

11. Health: What is the present state of your health?

Excellent

Hypertension - well controlled with medication

Thyroid surgically removed in 1972 - normal levels well maintained with medication

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

No, but will if necessary if confirmed

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incompletely completed contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

State of Nebraska Health and Human Services System (upon resignation if confirmed)

- approximately \$9,000 for unused sick leave (624 hours @ \$60/hour x 0.25) which is a standard Nebraska State employee termination benefit
- approximately 10 days paid vacation
- \$35,206.61 in retirement benefits as of 3/31/05 which will be rolled into my personal IRA with Principal Financial Services

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

Yes. Farmland in Saline County, Nebraska, owned by spouse, Carol Jane Raymond, as Tenants in Common, with her sister, Lynn A. Oppiger (two farms)

Two unnamed farms. The South Half of the Northeast Quarter (S 1/2 NE 1/4) and the North Half of the North Half of the SE Quarter (N 1/2 N 1/2 SE 1/4) of Section Twenty-two (22) and the North Half of the Southwest Quarter (N 1/2 SW 1/4) and the Northwest Quarter (NW 1/4) of Section Thirty-six (36), all in Township Six (6) North, Range Three (3), East of the 6th P.M. in Saline County, Nebraska.

The two farms total 360 acres and are assessed for tax purposes as being worth \$350,300. Spouse and her sister are co-tenants. Land is in Mother-in-Law's Life Estate. Wife's share of assessed value is \$175,150.

Warranty Deed clearly states that the "Grantors herein do each hereby reserve for themselves, and for the survivor of them, the full use, rents and profits of and from such real estate for and during the terms of the natural lives"

Spouse's Father, Lumir Karpisek, passed away in 1999. Spouse's Mother, Norma Karpisek, resides in the Wilber Care Center Assisted Living Unit. She is 90 years of age.

Spouse's sister does the bookwork necessary for this property, but neither daughter has benefited financially from this Warranty Deed at this time. All Rental Income goes to their Mother's checking account to pay for a portion of her monthly bill at the Care Center.

This land has been strictly CASH RENT for years with the renter assuming full risk.

There has been no equipment owned or sold by the daughters or their Mother. These are dry land farms, so there are no wells to provide upkeep and maintenance on.

Additional Farm Information:

Renter:

Dale Rezny and son Larry
1436 Highway 41
Wilber, Nebraska 68465

Cash Rent:

\$24,200

2004 Taxes:

\$6,696 - paid by Norma Karpisek (Mother-in-Law)

Net Profit:

\$17,504

Land is planted in corn and soybeans

- no wheat or sorghum
- no cattle or other livestock

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

No

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

No

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

No

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

No

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

Metropolitan Omaha Medical Society and Nebraska Medical Association - would probably renew membership if I return to Nebraska
Association of State and Territorial Health Officials - would join as an alum

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

No

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

Common Stocks:

Sysco
Dow Chemical
- sold on 4/29/05 to avoid any possible appearance of conflict

Mutual Fund:

. Putnam Health Sciences Fund
- may contain some human pharmaceuticals that have an animal component, but that would be very minimal from what I can tell

Saline County, Nebraska farmland. Wife and sister-in-law are co-tenants with all rental income going to 90 year-old Mother-in-Law. Cash Rent, soybeans and corn crops, no cattle or hogs. See #3 for details.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

No

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

If confirmed, I will immediately resign my position with the State of Nebraska, the Association of State and Territorial Health Officials, my delegate position with the Nebraska Medical Association, the Metropolitan Omaha Medical Society and my Session and Trustee responsibilities with Peace Presbyterian Church.

I have signed an ethics agreement stating as follows:

My spouse serves as a tenant in common with her sister Lynn A. Oppliger of two pieces of farmland in Saline County, Nebraska, subject to a life estate in their mother. The farm does not participate in any USDA farm programs.

To avoid potential conflicts of interest, pursuant to 18 U.S.C. §208(a) I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on this land, unless I first obtain a written waiver or qualify for a regulatory exemption. Additionally pursuant to 5 CFR §2635.502, I will not participate in any particular matter involving specific parties in which the lessee is a party or represents a party unless I am authorized to participate by the Designated Agency Ethics Official.

I believe I have resolved any potential conflicts with investments.

June 21, 2005

Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

After meeting with Committee Counsel yesterday, Monday June 20, 2005, I realize I need to make the following amendments to the SF 278 (Executive Branch Public Financial Disclosure Report) and to the Senate Questionnaire, both previously submitted to the U.S. Office of Government Ethics and the Senate Committee on Agriculture, Nutrition and Forestry:

- SF278, Public Financial Disclosure Report Schedule A:
 - Page 5 of 11, #9
 - Principal International Fund should show income amount to be: \$1,001 - \$2,500
 - Page 6 of 11, #1
 - Principal Bond Fund should show income amount to be: \$200 - \$1,001
 - Page 6 of 11, #2
 - Principal Asset Allocation Fund should show income amount to be: \$201 - \$1,001
 - Page 6 of 11, #3
 - Principal Large Cap Value Fund should show income amount to be: \$1,001 - \$2,500
 - Page 4 of 11, #2
 - Principal Tax Exempt Bond Fund should indicate this is in spouse's portfolio
 - Page 7 of 11, #'s 1 & 2
 - The valuation of life insurance assets incorrectly show face value upon death, not cash value
 - The proper listing for #1, Principal Life Insurance Company Adjustable Life Policy should be \$100,000 - \$250,000
 - The proper listing for #2, S/Principal Life Insurance Company - Universal Life Policy should be \$1,001 - \$15, 000.

- Senate Questionnaire:

- Page 11, paragraph 3, strike the last sentence that reads, "The farm does not participate in any USDA farm programs." That is an inaccurate statement. As stated in my signed ethics agreement to John Surina, Designated Agency Ethics Official for the USDA, "The lessee of the land participates in USDA's Direct and Counter-cyclical Payment Program." No federal payments or programs directly benefit my wife, her family members or myself.

Sincerely,

Richard A. Raymond, M.D.

June 20, 2005

Honorable Saxby Chambliss
Chairman
Committee on Agriculture, Nutrition, and Forestry
United States Senate
Washington, D.C. 20510-6000

Dear Mr. Chairman:

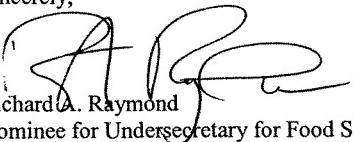
On May 27, 2005, a copy of my SF-278, Executive Branch Public Financial Disclosure Report, required in connection with my nomination to serve as Undersecretary for Food Safety, U.S. Department of Agriculture was submitted to the U.S. Office of Government Ethics. That report contained all required financial information for calendar year 2004 and for the current calendar year through May 20, 2005.

The Ethics in Government Act of 1978, as amended, also requires that I update certain of the information reported on the SF-278, i.e., that required by section 102(a)(1)(A) of the Act, respecting income (other than my Federal salary and dividends, interest, rents, and capital gains) and honoraria, to a date which occurs not more than five days before the date of the hearing to be held by your Committee to consider my nomination. The hearing to be held on my nomination is scheduled for June 22, 2005. The purpose of this letter is to report that since I filed my Financial Disclosure Report, I earned the following:

Salary from the State of Nebraska: \$10,257.17

I trust that this letter satisfies the additional applicable reporting requirements contained in the Ethics in Government Act.

Sincerely,


Richard A. Raymond
Nominee for Undersecretary for Food Safety
U.S. Department of Agriculture

cc: Hon. Marilyn Glynn, Acting Director, U.S. Office of Government Ethics
John Surina, USDA Designated Agency Ethics Official



United States
Office of Government Ethics
 1201 New York Avenue, NW, Suite 500
 Washington, DC 20005-3917

June 9, 2005

The Honorable Saxby Chambliss
 Chairman
 Committee on Agriculture, Nutrition,
 and Forestry
 United States Senate
 Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Richard A. Raymond, who has been nominated by President Bush for the position of Under Secretary for Food Safety, Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated May 19, 2005, from Dr. Raymond to the Department's ethics official, outlining the steps that Dr. Raymond will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with the actions he agreed to take in his ethics agreement.

Based thereon, we believe that Dr. Raymond is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Marilyn L. Glynn".

Marilyn L. Glynn
 Acting Director

Enclosures

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved
OMB No. 3209-0011

5/27/05 (Rev. 03/2000)

S.C.F.R. Part 3204

U.S. Office of Government Ethics

Date of Appointment/Change in Position/Cause of Termination	Reporting Status	Calendar Year	New Form Nominations	Termination Date	Term Dates	File for Late Filing
Last Name, First Name, Middle Initial	Reporting Status	Covered by Report	<input checked="" type="checkbox"/> Qualifiable	<input type="checkbox"/> File	Initials and Middle Initial	Any individual who is required to file a financial disclosure does so more than 30 days after the date the report is due.
Richard A.	Raymond					Offices held during the reporting period.
Undersecretary-Food Safety	U.S. Department of Agriculture					Individuals holding policy making positions subject to a 2011 rule.
Nebraska Health & Human Services System, P.O. Box 95007, 301 Centennial Mall South, Lincoln, Nebraska 68508	(402) 471-3566					Reporting Periods
Non-paid, June 24, 2004-Present; National Vaccine Advisory Committee (NVAC) member						Indicates the reporting period.
President's Non-Disclosure Committee	Name of Congressional Committee or Senate Nominating Committee	Non-Disclosure	<input checked="" type="checkbox"/> Qualifiable	<input type="checkbox"/> File	Initials and Middle Initial	Period of time covered by the report.
Senate Confirmation Committee	Committee on Agriculture, Nutrition and Forestry					Period begins at the end of the period covered by the previous report.
Signature of Executive Branch Personnel	Date Reporting Period	Date Reporting Period				Period ends at the end of the reporting period.
	5/27/05	5/27/05				Period of time covered by the report.
Signature of Other Executive Branch Personnel	Date Reporting Period	Date Reporting Period				Period of time covered by the report.
	5/27/05	5/27/05				Period of time covered by the report.
Signature of Designated Alternative Official	Date Reporting Period	Date Reporting Period				Period of time covered by the report.
	6/19/05	6/19/05				Period of time covered by the report.
(Check box if comments are continued on the reverse side) <input type="checkbox"/>						
(Check box if filing extension granted & indicate number of days) <input type="checkbox"/>						
<p>Pages 1-11 reported pursuant to emails and telephone conversations with Ray Shandor on 6/18/05 - 6/18/05. On 6/18/05, Ray Shandor made the page 4 #3 and page 7 #1 pursuant to emails from Ray Shandor on 6/18/05.</p> <p></p> <p>(Check box if comments are continued on the reverse side) <input type="checkbox"/></p>						
JUN - 2 2005						

Supersedes Prior Editions, Which Cannot Be Used.

278-112

Form Designed in Microsoft Excel 2000

NIST 7540-01-07-0344

SCHEDULE APage Number
1 of 11

Assets and Income		Valuation of Assets at close of reporting period	Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.		
Block A	Block B		Type	Amount	Date (Mo., Day, Yr.)
For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period, or which generated more than \$200 in income during the reporting period, or entered with such income.					
For yourself, also report the wages and annual amount of all money received from the U.S. Government. For your spouse, report the source, but not the amount of earned income of more than \$1,000 (except report the actual account of any honoraria over \$200 of your spouse).					
None <input type="checkbox"/>					
[Central Airlines Common D/P Long & Smith Fund, Iowa State Senate House Savings Fund KemperLife 2001 Fund IRA: Retirement 500 Index Fund]					
1 Nebraska Health and Human Services System, Lincoln, NE					
2 (S)-Peace Presbyterian Church, Elkhorn, Nebraska					
3 Omaha State Bank-checking acct.					
4 American Real Estate Partnership					
5 (S) - American Funds, Income Fund of America					
6 (S) American Funds, Investment Company of America					
7 (S) American Funds, Washington Mutual Investors					
* Thus category applies only if the asset/income is solely that of the filer or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.					
Prior Editions Cannot be Used.					

Reporting Individual's Name	SCHEDULE A continued	Page Number 2 of 11
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Assets and Income BLOCK A	Valuation of FA assets at close of reporting period BLOCK B	SCHEDULE A continued (Use only if needed)	
		Type	Amount
None (or less than \$1,001)			
\$1,001 - \$15,000			
\$15,001 - \$50,000			
\$50,001 - \$100,000			
\$100,001 - \$250,000			
\$250,001 - \$500,000			
\$500,001 - \$1,000,000			
Over \$1,000,000 *			
\$1,000,001 - \$5,000,000			
\$5,000,001 - \$25,000,000			
\$25,000,001 - \$50,000,000			
Over \$50,000,000			
Excepted Investment Fund			
Excepted Trust			
Qualified Trust			
Dividends			
Rent and Royalties			
Interest			
Capital Gains			
None (or less than \$201)			
\$201 - \$1,000			
\$1,001 - \$2,500			
\$2,501 - \$5,000			
\$5,001 - \$15,000			
\$15,001 - \$50,000			
\$50,001 - \$100,000			
\$100,001 - \$250,000			
Over \$1,000,000*			
\$1,000,001 - \$5,000,000			
Over \$5,000,000			
			Other Income (Specify Type & Actual Amount)
			Date (Mo., Day, Yr.)
			Only if Honorary
1 (S) American Funds New Perspective Fund			
2 (S) Ford Motor Co Cap Tr II	X		
3 (S) Dreyfuss Strategic Municipals	X		
4 (S) Hastings Nebraska Electric System Municipal Bond		X	
5 Fixed Rate CD Independent Bank MI US	X		
6 Fixed Rate CD MBNA Amer Bank NA DE JS	X	X	
7 Household Fin Corp NTS	X		
8 Cisco Systems Inc	X	X	
9 Dow Chemical		X	

* This category applies only if the asset/income is other than of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Reporting Individual's Name	SCHEMUE A continued (Use only if needed)	
	Page Number 3 of 11	

Assets and Income		Valuation of Assets at close of reporting period	Type	Amount	Other Income (specify Type & Actual) Only if Housewife	Date (Mo., Day, Yr.)
Block A	Block B					
		None (or less than \$100)				
		\$1,001 - \$15,000				
		\$15,001 - \$50,000				
		\$50,001 - \$100,000				
		\$100,001 - \$250,000				
		\$250,001 - \$500,000				
		\$500,001 - \$1,000,000				
		Over \$1,000,000*				
		\$1,000,001 - \$5,000,000				
		\$5,000,001 - \$25,000,000				
		\$25,000,001 - \$50,000,000				
		Over \$50,000,000				
		Excepted Investment Fund				
		Excepted Trust				
		Qualified Trust				
		Dividends				
		Rent and Royalties				
		Interest				
		Capital Gains				
		None (or less than \$201)				
		\$201 - \$5,000				
		\$1,001 - \$2,500				
		\$2,501 - \$5,000				
		\$5,001 - \$15,000				
		\$15,001 - \$50,000				
		\$50,001 - \$100,000				
		\$100,001 - \$1,000,000				
		Over \$1,000,000*				
		\$1,000,001 - \$5,000,000				
		Over \$5,000,000				
1 Fannie Mae	X					
2 General Electric	X					
3 Level 3 Communications	X					
4 Medtronic	X					
5 Principal Financial Group stock	X					
6 Sandisk Corp	X					
7 Sysco						
8 Wells Fargo and Co	X					
9 Purnam Health Sciences Fund	X					

* This category applies only if the asset/income is solely that of the filer or jointly held by the filer with the spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher category.

Prior Editions Cannot be Used

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children mark the other higher category.

Reporting Individual's Name	SCHEDULE A continued		Page Number 5 of 11
	Valuation of Assets at close of reporting Period		

Assets and Income	Type	Amount	Other Income (Specify Type & Actual Amount)
None			
\$1,001 - \$15,000			
\$15,001 - \$50,000			
\$50,001 - \$100,000			
\$100,001 - \$250,000			
\$250,001 - \$500,000			
\$500,001 - \$1,000,000			
Over \$1,000,000 *			
\$1,000,001 - \$5,000,000			
\$5,000,001 - \$25,000,000			
\$25,000,001 - \$50,000,000			
Over \$50,000,000			
Excepted Investment Fund			
Excepted Trust			
Qualified Trust			
Dividends			
Rent and Royalties			
Interest			
Capital Gains			
None (or less than \$201)			
\$201 - \$1,000			
\$1,001 - \$2,500			
\$2,501 - \$5,000			
\$5,001 - \$15,000			
\$15,001 - \$50,000			
\$50,001 - \$100,000			
\$100,001 - \$150,000			
Over \$1,000,000*			
\$1,000,001 - \$5,000,000			
Over \$5,000,000			

Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.

1 -Principal Equity Income Fund			
2 -Principal MidCap Fund	X		
3 -Principal Real Estate Securities Fund	X		
4 -Principal Small Cap Growth Fund		X	
5 -Principal International Fund	X		
6 -American Century VP Ultra Fund	X		
7 --Fidelity VIP II Conta Fund		X	
8 -Principal Financial Group Non-Qualified Variable Annuity consists of:			
9 -Principal International Fund	X		

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer with his/her spouse or dependent children, mark the other higher category.

SCHEDULE A continued

(Use only if needed)

40

Assets and Income [*]		Valuation of Assets at close of reporting period		Income type and amount. If "None (or less than \$20)" is checked, no other entry is needed in Block C for that item.	
BLOCK A		BLOCK B		BLOCK C	
Type	Amount	Type	Amount	Date (Mo., Day, Yr.)	Other Income (Specify Type & Actual Amount) Only if Household
None (or less than \$1,001)		None (or less than \$1,001)			
\$1,001 - \$15,000	X	\$1,001 - \$15,000	X		
\$15,001 - \$50,000	X	\$15,001 - \$50,000	X		
\$50,001 - \$100,000	X	\$50,001 - \$100,000	X		
\$100,001 - \$250,000	X	\$100,001 - \$250,000	X		
\$250,001 - \$500,000	X	\$250,001 - \$500,000	X		
\$500,001 - \$1,000,000	X	\$500,001 - \$1,000,000	X		
Over \$1,000,000 *	X	Over \$1,000,000 *	X		
\$1,000,001 - \$5,000,000	X	\$1,000,001 - \$5,000,000	X		
\$5,000,001 - \$25,000,000	X	\$5,000,001 - \$25,000,000	X		
\$25,000,001 - \$50,000,000	X	\$25,000,001 - \$50,000,000	X		
Over \$50,000,000	X	Over \$50,000,000	X		
EXCEPTED INVESTMENT FUNDS					
Excepted Trust					
Qualified Trust					
Dividends					
Rent and Royalties					
Interest					
Capital Gains					
None (or less than \$201)					
\$201 - \$1,000	X	\$201 - \$1,000	X		
\$1,001 - \$2,500	X	\$1,001 - \$2,500	X		
\$2,501 - \$5,000	X	\$2,501 - \$5,000	X		
\$5,001 - \$15,000	X	\$5,001 - \$15,000	X		
\$15,001 - \$50,000	X	\$15,001 - \$50,000	X		
\$50,001 - \$100,000	X	\$50,001 - \$100,000	X		
\$100,001 - \$1,000,000	X	\$100,001 - \$1,000,000	X		
Over \$1,000,000 *	X	Over \$1,000,000 *	X		
\$1,000,001 - \$5,000,000	X	\$1,000,001 - \$5,000,000	X		
Over \$5,000,000	X	Over \$5,000,000	X		
Farm owned solely to provide income to spouse mother.					
5 [S/50% interest as Tenant in Common of 2 farms (360 acres), Saline Co., NE]					
6 [Farm produces corn and soybeans]					
7 Boeing Company					
8 Kimberly Clark Corp.					
9 Source Capital					

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other category.

Reporting Individual's Name _____

SCHEDULE A continued		Page Number 7 of 11
Assets and income		Valuation of Assets at close of reporting period.
BLOCK A		BLOCK B

None (or less than \$1,001)		Type		Income: Type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.	
\$1,001 - \$15,000					
\$15,001 - \$50,000					
\$50,001 - \$100,000					
\$100,001 - \$250,000					
\$250,001 - \$500,000					
\$500,001 - \$1,000,000					
Over \$1,000,000 *					
\$1,000,001 - \$5,000,000					
\$5,000,001 - \$25,000,000					
\$25,000,001 - \$50,000,000					
Over \$50,000,000					
Excepted Investment Fund				Date (Mo., Day, Year) Other Income (Specify Type & Amount) Only if Honoraria Amount	
Excepted Trust					
Qualified Trust					
Dividends					
Rent and Royalties					
Interest					
Capital Gains					
None (or less than \$201)					
\$201 - \$1,000					
\$1,001 - \$2,500					
\$2,501 - \$5,000					
\$5,001 - \$15,000					
\$15,001 - \$50,000					
\$50,001 - \$100,000					
\$100,001 - \$1,000,000					
Over \$1,000,000 *					
\$1,000,001 - \$5,000,000					
Over \$5,000,000					
Cash Value					

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher category.
Prior Editions Cannot be Used.

5 C.F.R. Part 2634

Do not Complete Schedule B if you are a new entrant, nominee, vice presidential or presidential candidate.

Reporting Individual's Name		SCHEDULE B			Page Number 8 of 11	
					Note <input type="checkbox"/>	
Part I: Transactions						
Report any purchase, sale, or exchange by you, your spouse, or dependent child during the period of time covered by this report, of an interest in, or dependent child, during the period of time covered by this report, of an interest in, property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded \$1,000. Include transactions that resulted in a loss. Do not include transactions that resulted in a gain.		report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of Divestiture" box to indicate sales made pursuant to a certificate of divestiture from OGE.				
		Identification of Assets				
1	Example: General Airlines Common	Purchase	Sale	Exchange	Date (Mo., Yr.)	Amount of Transaction (\$)
2		X			2/1/99	\$1,001 - \$15,000
3			X			\$15,001 - \$50,000
4				X		\$50,001 - \$100,000
5					X	\$100,001 - \$250,000
6						\$250,001 - \$500,000
						\$500,001 - \$1,000,000
						Over \$1,000,000*
						\$1,000,001 - \$5,000,000
						\$5,000,001 - \$25,000,000
						\$25,000,001 - \$50,000,000
						Over \$50,000,000 Certificate of Divestiture
* This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with his spouse or dependent children, use the other higher categories of value as appropriate.						
Part II: Gifts, Reimbursements, and Travel Expenses						
For you, your spouse and dependent children report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation or food), or entertainment received from one source totaling more than \$2,500 and (2) travel-related cash reimbursements received from your employer, such as personal flight, meal, hotel, car rental, etc., under 5 U.S.C. § 4111 or other statutory authority, etc. For tax-exempt gifts and reimbursements, include travel itinerary, dates, and the name of contributor provided. Enclose any gifts given to you by		the U.S. Government, given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the filer's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth \$104 or less. See instructions for other exclusions.				
					Brief Description	
Exempts: Natl Assn of Rock Collectors, NY, NY — — — — —		Airline ticket, hotel room & meals incident to national conference (of \$500 personal activity unrelated to duty) — — — — —			Value	
1	Frank and Sons, San Francisco, CA	(Lester Bittace (Personal Friend))			\$300	
2						
3						
4						
5						
6						

Part I: Transactions

	Identification of Assets Example: [Central Airlines Common]	Transaction			Amount of Transaction (x)
		Type (b)	Date (Mo., Day, Yr.)		
		Purchase	Sale	Exchange	
1		x	2/1/99		\$1,001 - \$15,000
2					\$15,001 - \$50,000
3					\$50,001 - \$100,000
4					\$100,001 - \$250,000
5					\$250,001 - \$500,000
6					\$500,001 - \$1,000,000
7					Over \$1,000,000*
8					\$1,000,001 - \$5,000,000
9					\$5,000,001 - \$25,000,000
10					\$25,000,001 - \$50,000,000
11					Over \$50,000,000
12					Certificate of disvestment
13					
14					
15					
16					
17					

*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Reporting Individual's Name	SCHEDULE D		
	Page Number 11 of 11		

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include, but are not limited to those of an officer, director, trustee, general partner, proprietor, representative employee, or

consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social fraternal or political entities and those solely of an honorary nature.

Organization (Name and Address)	Type of Organization	Position Held	From (Mo. Yr.)	To (Mo. Yr.)
Example: <u>National Assn of Rock Collectors, NY, NY</u>	Non-profit organization	President	6/92	Present
<u>Doe Jones & Smith, Homestead, State</u>	Law firm	Partner	7/83	None
1 Nebraska Health and Human Services System, Lincoln, NE	State Agency	Chief Medical Officer	09/1999	10/26/04
2 Nebraska Health & Human Services System, Lincoln, NE	Regulation & State Agency	Director	10/26/04	Present
3 Licensure Agency				
3 Association of State and Territorial Health Officials	Non-profit professional organization	President	9/04	Present
4 Nebraska Medical Association	Professional Association	Delegate	1982	Present
5				
6				

Part II: Compensation In Excess Of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any

Do not complete this part if you are an incumbent, termination filer, or Vice Presidential or Presidential Candidate

Source (Name and Address)	Brief Description of Duties
Example: <u>Doe Jones & Smith, Homestead, State</u>	<u>Legal services in connection with university construction</u>
1 Department of Health and Human Services, State of Nebraska	Director, Department of HHS Regulation and Licensure
2 Department of Health and Human Services, State of Nebraska	Chief Medical Officer
3	
4	
5	
6	

May 19, 2005

John C. Surina
Designated Agency Ethics Official
U.S. Department of Agriculture
Washington, DC 20250-0122

Dear Mr. Surina:

The purpose of this letter is to describe the steps that I intend to take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Under Secretary for Food Safety.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to section 208(b)(1), or qualify for a regulatory exemption, pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or any general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Farming Interests

The following interest has been identified, either by me or to me, as presenting a potential financial conflict with my official duties:

My spouse is a tenant in common with her sister Lynn A. Oppliger on two pieces of farmland in Saline County, Nebraska, subject to a life estate vested in their mother. The farmland is rented. The lessee of the land participates in USDA's Direct and Counter-cyclical Payment Program.

To avoid potential conflicts of interest, pursuant to 18 U.S. C. §208(a), I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on this the farmland, unless I first obtain a written waiver or qualify for a regulatory exemption. Additionally, pursuant to 5 CFR § 2635.502, I will not participate in any particular matter involving specific parties in which my spouse, her sister or her mother, or any lessee of the farmland is a party or represents a party unless I am authorized to participate by the Designated Agency Ethics Official.

Current Employment. State of Nebraska.

Currently, I serve as *Director of Regulation and Licensure, Department of Health and Human Services, State of Nebraska*. Upon confirmation, I will resign that position. Pursuant to 5 CFR § 2635.502, for one year from the date of my resignation as *Director of Regulation and Licensure*, I will not participate in any particular matter involving specific parties in which the State of Nebraska Department of Health and Human Services is a party or represents a party, unless I am authorized to participate by the Designated Agency Ethics Official.

As an employee of the State of Nebraska, I currently participate in the State of Nebraska Employees Retirement Plan. Within 60 days of my appointment to the position of Under Secretary for Food Safety, I will roll that plan into an Individual Retirement Account.

Positions with Non-Federal Entities.

Upon confirmation, I will resign from the following positions:

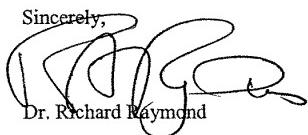
President of the Association of State and Territorial Health Officials (ASTHO).

Delegate, Nebraska Medical Association

Pursuant to 5 C.F.R. § 2635.502, for a period of one year after the termination of these positions, I will not participate in any particular matter involving specific parties in which ASTHO or the Nebraska Medical Association is a party or represents a party, unless I am authorized to participate.

I believe that the above outlined steps will assure that no conflict of interest or appearance thereof will arise between my personal financial interests on the one hand, and the duties I will perform if confirmed to serve as Under Secretary for Food Safety.

Sincerely,

A handwritten signature in black ink, appearing to read "R. R. Raymond".

Dr. Richard Raymond

QUESTIONS AND ANSWERS

JUNE 22, 2005

**RESPONSE TO QUESTIONS SUBMITTED TO UNDER SECRETARY
DESIGNATE RICHARD A. RAYMOND, M.D. BY SENATOR TOM HARKIN**

HACCP Implementation:

Dr. Raymond, in 1996 FSIS revamped food safety inspections to incorporate Hazard Analysis and Critical Control Point, HACCP, into their system. A great deal of work remains to be done to fully realize the promise of HACCP, specifically the Pathogen Reduction portion of the rule, which has been weakened by court challenges.

We need to have the most effective and scientifically sound microbiological performance standards possible. We need to continue to improve the standards that we have. But at the end of the day, those standards absolutely need to be enforceable.

The bottom line is we need to evaluate how well the current HACCP system is working.

If confirmed,

1. Will you encourage USDA to review and keep up-to-date our current food inspection system?

Response: It is through constant vigilance, review, and adaptation of our current food inspection system that the U.S. food supply remains among the safest in the world. It is a continual challenge to identify and address emerging threats to food safety and food security and I will encourage the continual review of FSIS's inspection program to be sure it is kept up to date and protects the public health. A risk-based approach can help facilitate the ability to combat ever-changing threats to public health.

2. Will you maintain and build upon the public health focus that the 1994 USDA Reorganization sought to achieve, including the Office of Public Health Science?

Response: Maintaining a public health and scientific focus will sustain the progress made by FSIS and support future progress in the efforts to reduce foodborne disease and create a safer U.S. food supply. As part of a risk based system, we must continue to focus on protecting the public health and proactively engage the scientific community, public health experts, and all interested parties in an effort to identify science-based solutions to public health issues to ensure positive public health outcomes. The Office of Public Health Science will continue to play an important role in our overall efforts to protect the consumer.

3. Do you support having enforceable microbiological performance standards, including pathogen reduction standards, where at some point the Secretary of Agriculture withdraws inspection for failure to meet them?

Response: As a public health official, I know how important it is to have appropriate and adequate authority to ensure food safety and protect public health and will review all the tools available for enforcement in the food safety verification system.

4. Will you continue to seek to enforce existing microbiological performance standards until those standards can be revised and updated through rulemaking?

Response: It is important to continue to utilize performance standards as part of an overall food safety verification system.

5. Do you believe there is a role for pathogen standards in a HACCP-based regulatory system?

Response: I agree that there is a role for pathogen standards in a HACCP-based regulatory system. Used along with other tools, pathogen standards are an important part of any food safety system.

Biosecurity:

The Undersecretary for Food Safety has a vital role to play in ensuring the security of our food and agricultural systems. Dr. Raymond, you will bring your knowledge about preparing and responding to accidental and intentional contamination of our food supply to this position.

6. In your opinion, what kind of resources and authorities does USDA need to ensure the security of our food supply?

Response: As a public health official in the state of Nebraska who took the lead on biosecurity, I will continue to build on the successes that USDA has made in this area and review all the resources and authorities that are in place to protect the food supply and enhance them, if necessary. This would be one of my highest priorities as Under Secretary for Food Safety.

7. In your work with public health state officials, how would you characterize the kind of support states have been receiving regarding food security?

Response: As a state public health official who has worked in collaboration with the Federal government, I have seen first hand the support provided to states and would ensure that this cooperation and collaboration would continue. During my tenure as president of the Association of State and Territorial Health Officials (ASTHO), I recognized the value of federal, state and local partnerships thru the formation of a food safety committee that included the representation and participation of USDA.

8. I would encourage you to report back to this Committee any recommendations for additional resources and authorities USDA needs to adequately prepare for contamination of our food and water supply.

Response: If confirmed I look forward to working with you and the Committee to evaluate the resources and authorities available to USDA and determine if there is a need to further strengthen safeguards of our food supply and to protect public health.

FSIS exports:

FSIS plays an important role in regulating and facilitating the export of U.S. agricultural products to other countries and should seek to make the exporting of food products as easy as possible consistent with its regulatory responsibilities. There are, however, reports of problems in the way FSIS carries out its responsibilities regarding exports.

These are some examples brought to my attention:

- Since March 2000, exporting industries have asked FSIS to develop a system by which international documents could be transmitted electronically. It is my understanding that many other nations use such a system to combat fraud, lower costs and increase the volume of internationally traded food stuffs, but that FSIS has no plans to adopt an electronic document transmission system.
- The industry believes there is no scientific basis for the refusal by FSIS to approve for export certain items that are demanded overseas, such as rear pig feet, because FSIS has deemed them unfit for consumption. While other nations such as Canada export these items to willing buyers, our exporters are prohibited from selling them.
- FSIS negotiates authority to have USDA meat plants certified to process product for export to other countries. As I understand, this process is very slow and can be tedious. U.S. meat and poultry exporters believe the time required for FSIS to negotiate the certification of plants for export can be shortened significantly with a stronger commitment, adequate resources and better communications within the agency.

Evidently, FSIS has no plans in place to resolve these and other export problems, primarily because the agency lacks sufficient personnel in the Office of International Affairs.

9. Please provide a written plan for devoting resources at FSIS to assure American farmers and ranchers that you will provide the agricultural industry with the necessary personnel, training, and technology to ensure their products are able to flow to foreign customers without undue constraints.

Response: I appreciate the benefit of your comments regarding exports and I will review this matter in detail when confirmed. Generally, I believe that the best export marketing tool for U.S. products is the safety of the food itself. If confirmed by the Committee and the United States Senate, I would be happy to meet with you to discuss this further.

**Agriculture Marketing Service Response
to Questions for the Record from
Senator Harkin**

Reporting of Violations

Currently, there are 116 packers and importers subject to the Livestock Mandatory Reporting Act. At the hearing, you mentioned there are no public reports for detailing required participants that are in violation of the law.

Question: Of the packers and importers subject to the law, how many had violations in FY 2003 and FY 2004? Please separate this data by species.

Response:

In FY 2003, 104 plants had violations. Nine were lamb and lamb products, 49 were cattle and boxed beef, and 46 were swine.

In FY 2004, 105 plants had violations. Nine were lamb and lamb products, 51 were cattle and boxed beef, and 45 were swine.

In FY 2004, the Audit, Review, and Compliance Branch (ARC) initiated audits to randomly review a full day's purchase and sale transactions in addition to the randomly selected lots that are audited. This added audit function allowed auditors to look at substantially more records for potential violations.

Question: In addition, what were the types of the violations? How were these violations corrected?

Response: The violations found ranged from data entry errors to failure to report purchases or sales. Data entry error was the most prevalent error identified. Additional errors include incorrect class codes, incorrect purchase codes, untimely submission of information, and incorrect carcass weights. However, the majority of violations have minimal impact on the published reports. For example, data that is submitted late is classified as a violation, but is included in the published reports and therefore has no impact on the published reports.

The Market News Branch (MNB) contacts plant management after the audit report is received from ARC. Plant management is informed of the violation and is directed to make corrections that will ensure the plant is in compliance with the reporting requirements. Verification of the corrective actions is determined either by the MNB through review of the data submitted during the reporting process or by an additional audit by ARC.

Question: The law authorizes a civil penalty up to \$10,000 per violation. Has AMS ever levied a civil penalty?

Response: AMS has levied two \$10,000 civil penalties.

Question: What is the total dollar amount collected from penalties to USDA for each of FY 2003 and FY 2004?

Response: The civil penalties were held in abeyance pending any further violations by the packer, so no money has been collected.

Question: Does USDA plan on improving transparency by including a yearly report to document the number of violations of the law by packers and importers? How will this information be disseminated to the public?

Response: USDA is currently evaluating alternatives to publish an annual report to document the number of packer violations. The information would be posted on the Market News website.

Verification of Reported Livestock Transactions

When livestock are sold by producers, there appears to be no mechanism for them to verify that their livestock were reported in the system. Recently, there were reports that 1150 head of cattle were sold but not reported in the system. This issue makes clear that there is a real lack of transparency in verifying that livestock are reported and of any procedure for handling inquiries from the public.

Question: Can producers verify that their own livestock was reported into the system? And if not, why?

Response: Yes. Producers can contact Market News to verify that their transaction was reported if they provide settlement details of the transaction and verification of their identity. However, since the published reports are an aggregate of numerous transactions, it may be difficult for producers to readily identify their specific transaction in the published report.

Question: How does USDA know that all livestock transactions subject to livestock mandatory price reporting are in fact reported? What mechanism do you employ to verify this?

Response: USDA compares the Federally Inspected Slaughter volume for individual plants with the volume of livestock purchased and the volume of boxed beef or lamb meat that is sold. Through this process it can be determined that the packer is reporting a corresponding volume of livestock that are purchased or meat sold. In FY 2004, the ARC Branch initiated audits to randomly review a full day's purchase and sale transactions in addition to the randomly selected lots that are audited.

The auditor reviews the Livestock Mandatory Price Reporting (LMPR) submissions of a full day's transactions from the packer. To do this, the auditor audits the kill summary and sales

invoices and/or bills of lading as applicable for a randomly selected one-day period and compares that to the information that was submitted through the LMPR system to determine if all transactions covered under the Act have been reported to AMS. For lots that were not reported to AMS, the packer must provide supporting documentation that shows why the lots were not covered under the Act.

Question: Did USDA investigate the 1150 Nebraska cattle in question? If so, what did USDA discover?

Response: USDA did investigate the Nebraska cattle. The packer correctly reported the cattle at the time the contract was made with the producer. The packer also reported the cattle during the correct time period when the cattle were slaughtered. However, the cattle were reported on a dressed basis and should have been reported on a live basis because that is the way the transaction was originally set up. As mentioned in the response to Senator Grassley, we have attached the records extracted from the Market News Information System that show the details of the transactions that were reported by the packer and the dressed and live sections of the report where the cattle were reported on a dressed basis and the recalculated sections of the report with the cattle reported on a live basis.

Exhibit A: Cattle Reported to AMS when Contracted

Exhibit B: Cattle Included in Published Report

Exhibit C: Cattle Reported to AMS when Slaughtered

Exhibit D: First Two Lots Published in Report on Dressed Basis

Exhibit E: First Two Lots Recalculated on Live Basis

Exhibit F: Third and Fourth Lots Published in Report on Dressed Basis

Exhibit G: Third and Fourth Lots Recalculated on Live Basis

Percentage of Livestock Covered Under the Reporting System

Your testimony indicated that you are reporting 75 to 80 percent of the cattle market.

Question: Could you explain why the remaining 20 to 25 percent of cattle do not get reported?

Response: The 20 to 25 percent of the cattle market that is not reported consists of purchases that are made at auctions, which are not covered transactions under the Act, and transactions made by packers that are not subject to the Act.

Question: Does AMS employ a bell curve or other procedure that eliminates the top or bottom end priced cattle?

Response: AMS does not employ a bell curve or other statistical procedure to eliminate top or bottom end priced cattle. Based on the authority given to the Secretary in the Act, Market News eliminates any transactions that would distort published reports to the detriment of market participants if the reporter is unable to confirm the transaction or otherwise resolve the issue

within the one hour timeframe provided in the Act for processing the data.

Question: Please provide me the process AMS goes through to calculate its weighted average.

Response: To determine the weighted average, the sum of the head count multiplied by the price is divided by the sum of the head count. For example:

Head Count	x	Price	=	Total Price
10	x	\$71.00	=	\$710.00
23	x	\$69.25	=	\$1,592.75
47	x	\$71.75	=	\$3,372.25
90	x	\$70.50	=	\$6,345.00
SUM 170				\$12,020.00

$$\text{Weighted Average Price} = \$12,020.00 \div 170 = \$70.71$$

Negotiated Cash Transactions

Your testimony states that negotiated cash transactions continue to become an increasingly smaller share of livestock and meat transactions. You also state that USDA is developing a legislative proposal.

Question: Will USDA's legislative proposal address the shrinking number of livestock sold and reported on the cash negotiated basis?

Response: The Act does not regulate the method by which producers choose to market their livestock.

Question: Will there need to be changes made through legislation or through regulations to ensure that the cash negotiated numbers are accurate?

Response: USDA does not believe any changes are needed to improve the accuracy of reporting of the negotiated cash numbers.

Legislative Proposal

USDA is developing a legislative proposal with modifications, which would extend the law through FY 2007.

Question: When does USDA plan on providing the Committee with its legislative proposal?

Response: The legislative proposal is currently in the Executive Branch clearance process.

Question: What groups has USDA met with in developing its proposal?

Response: USDA has met with the National Pork Producers Council, the National Cattlemen's Beef Association, the American Meat Institute, the National Meat Association, the Southwest Meat Association, and the American Sheep Industry Association.

Packer Discretion for Converting From Live Basis to Dressed Basis

It appears that packers are converting from a live basis to a dressed basis at the time of slaughter for cattle.

Question: Has USDA concluded that it does not have the authority to stop or prevent packers from converting from a live basis to a dressed basis at the time of slaughter?

Response: USDA requires that packers report information on livestock transactions on the same basis that they are purchased. Thus, livestock *purchased* on a live basis must be *reported* on a live basis and livestock *purchased* on a dressed basis must be *reported* on a dressed basis. USDA does have the authority under the Act to prevent packers from converting between live and dressed basis on information they are required to report through the Livestock Mandatory Reporting Program.

Question: How many instances in FY 2003 and FY 2004 are there of packers purchasing under a live delivered basis but reporting the cattle on a dressed basis?

Response: The only way to determine if a packer is converting live delivered purchases to a dressed basis is through the audit process. There was only one instance in FY 2003 and FY 2004 that a transaction was identified during an ARC audit as being converted from a live basis to a dressed basis.

Question: AMS has stated that only 6,700 cattle per week are sold on a live delivered basis. Is this low figure attributable to the fact that packers are simply converting transactions from a live basis to a dressed basis?

Response: Normal industry practices are for packers to purchase cattle on a dressed delivered basis. The low volume is attributed to few cattle being purchased on a live delivered basis.

EXHIBIT A
Form LS115C submitted 1-17-05

Record	Exclude	Input Date/Time	Reporting I Lot	Identifi	Head Count	Basis Leve	Delivery Month
Valid	No	1/17/2005 8:40	1/17/2005	69108	100	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69110	200	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69111	700	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69113	120	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69114	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69115	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69116	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69117	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69118	140	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69120	40	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69121	175	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	69155	1244	0	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69157	2170	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69164	40	-1.5	Oct
Valid	No	1/17/2005 8:40	1/17/2005	69165	40	-2	Sep
Valid	No	1/17/2005 8:40	1/17/2005	68967	160	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	68968	40	0	May
Valid	No	1/17/2005 8:40	1/17/2005	68969	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	68970	79	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	68971	200	0	Apr
Valid	No	1/17/2005 8:40	1/17/2005	68972	220	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	68974	268	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	68980	2516	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69097	1165	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69099	174	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69101	75	-1.5	Sep
Valid	No	1/17/2005 8:40	1/17/2005	69102	160	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69103	160	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69105	195	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69106	290	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	69107	50	-1	Apr

EXHIBIT B - Original Report
 LM_CT153
 St. Joseph, Mo Mon Jan 17, 2005 USDA Market News

NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE - PRIOR WEEK SLAUGHTER AND CONTRACT PURCHASES
 For Week Ending Sunday, 1/16/2005

Total Formula and Contracts: 113,898

C: FORWARD CONTRACT PURCHASED CATTLE WEEKLY

Total New signings last week:	Cumulative Total for listed months:
58,093	468,093

Delivery Month	New Last Week	Cumulative Total For Month	Basis Level Min	Basis Level Max	Basis Wtg Avg
January, 2005	17,905	126,301	(\$1.25)	\$0.00	(\$0.33)
February, 2005	12,677	112,548	(\$2.40)	\$0.00	(\$0.33)
March, 2005	4,064	32,600	(\$1.00)	\$1.00	\$0.48
April, 2005	13,935	75,292	(\$1.00)	\$1.00	(\$0.36)
May, 2005	3,366	38,872	\$0.00	\$3.00	\$2.31
June, 2005	3,068	33,144	(\$0.50)	\$1.50	(\$0.12)
July, 2005	886	17,467	(\$1.00)	\$0.00	(\$0.48)
August, 2005	1,381	14,438	(\$1.00)	\$0.00	(\$0.52)
September, 2005	115	4,427	(\$2.00)	(\$1.50)	(\$1.67)
October, 2005	696	5,423	(\$2.00)	(\$1.50)	(\$1.86)
November, 2005		1,462			
December, 2005		6,119			

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct153.txt

EXHIBIT C - Is113 Contract purchases

Original

Reporting Day	Lot Id	Purchase Type	Code	Selling Basis	Head C	Estimated Avg Price	Origin
3/1/2005	147	Forward Contract Net	Steer	Dressed	41	\$909	\$141.26 Nebraska
3/1/2005	148	Forward Contract Net	Steer	Dressed	37	\$893	\$137.85 Nebraska
3/1/2005	244	Forward Contract Net	Steer	Dressed	45	\$660	\$142.30 Nebraska
3/1/2005	113	Forward Contract Net	Steer	Dressed	200	\$792	\$145.23 Nebraska
3/1/2005	114	Forward Contract Net	Steer	Dressed	200	\$773	\$145.23 Nebraska
3/1/2005	146	Forward Contract Net	Steer	Dressed	209	\$842	\$150.56 Nebraska
3/1/2005	239	Forward Contract Net	Steer	Dressed	360	\$800	\$150.47 Nebraska
3/2/2005	329	Forward Contract Net	Steer	Dressed	41	\$818	\$141.82 Nebraska
3/2/2005	346	Forward Contract Net	Steer	Dressed	121	\$939	\$140.18 Nebraska
3/3/2005	415	Forward Contract Net	Steer	Dressed	55	\$854	\$143.80 Nebraska
3/3/2005	454	Forward Contract Net	Steer	Dressed	104	\$931	\$140.18 Nebraska
3/3/2005	417	Forward Contract Net	Steer	Dressed	79	\$835	\$141.82 Nebraska
3/4/2005	147	Forward Contract Net	Steer	Dressed	203	\$764	\$145.23 Nebraska
3/4/2005	142	Forward Contract Net	Steer	Dressed	160	\$818	\$144.95 Nebraska
3/4/2005	143	Forward Contract Net	Steer	Dressed	200	\$730	\$145.71 Nebraska
3/4/2005	144	Forward Contract Net	Steer	Dressed	334	\$908	\$142.07 Nebraska
3/7/2005	251	Forward Contract Net	Steer	Dressed	173	\$834	\$150.42 Nebraska
3/7/2005	252	Forward Contract Net	Steer	Dressed	200	\$751	\$145.23 Nebraska
3/7/2005	260	Forward Contract Net	Steer	Dressed	39	\$719	\$145.71 Nebraska
3/7/2005	145	Forward Contract Net	Steer	Dressed	162	\$917	\$136.84 Nebraska
3/7/2005	224	Forward Contract Net	Steer	Dressed	169	\$744	\$145.71 Nebraska
3/7/2005	225	Forward Contract Net	Steer	Dressed	337	\$847	\$144.96 Nebraska
3/7/2005	226	Forward Contract Net	Steer	Dressed	203	\$744	\$145.06 Nebraska
3/8/2005	366	Forward Contract Net	Steer	Dressed	200	\$760	\$145.23 Nebraska
3/9/2005	401	Forward Contract Net	Steer	Dressed	249	\$865	\$148.80 Nebraska
3/10/2005	502	Forward Contract Net	Steer	Dressed	371	\$751	\$145.23 Nebraska
3/10/2005	501	Forward Contract Net	Steer	Dressed	346	\$861	\$148.81 Nebraska
3/14/2005	125	Forward Contract Net	Steer	Dressed	45	\$745	\$141.39 Nebraska
3/14/2005	128	Forward Contract Net	Steer	Dressed	179	\$783	\$145.23 Nebraska
3/14/2005	149	Forward Contract Net	Steer	Dressed	225	\$789	\$145.23 Nebraska

EXHIBIT D - Mar 7 Original Report

LM_CTI51

St Joseph, MO Mon, Mar 07, 2005 USDA Market News Service
NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday: 03/06/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	122,689	18,684	141,373	125,678	124,353
Negotiated Grid Net:	44,400	814	45,214	41,407	
Forward Contract Net:	20,944	8,910	29,854	32,770	12,763

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	2,253	730-939	827	131.47-150.42	142.36
65 - 80% Choice	3,056	719-917	818	136.84-150.56	143.29
35 - 65% Choice	3,455	628-910	775	133.71-145.23	140.71
0 - 35% Choice	418	778-961	860	133.73-140.69	137.48
HEIFER					
Over 80% Choice	1,470	744-855	812	135.16-146.03	140.72
65 - 80% Choice	1,913	701-859	767	137.40-144.60	142.37
35 - 65% Choice	1,970	657-858	786	135.78-145.03	142.17
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	609	651-792	732	133.46-143.75	140.78
35 - 65% Choice	1,366	671-847	779	134.32-143.40	140.96
0 - 35% Choice	154	792-794	794	140.62-142.56	141.06
ALL STEERS & HEIFERS	16,664	628-961	795	131.47-150.56	141.72
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	1,430	745-908	833	132.75-143.45	137.21
65 - 80% Choice	1,496	734-845	792	130.69-140.60	136.19
35 - 65% Choice	1,229	694-833	748	128.04-138.84	134.33
0 - 35% Choice	125	722-726	725	132.46-133.87	133.48

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	78	1,200-1,325	1,264	85.10-92.50	88.71
65 - 80% Choice	543	1,204-1,350	1,281	89.78-93.44	91.64
35 - 65% Choice	1,897	1,178-1,380	1,270	85.00-94.90	90.25
0 - 35% Choice	495	1,062-1,298	1,193	86.78-92.75	89.26
HEIFER					
Over 80% Choice	118	1,175-1,175	1,175	90.00-90.00	90.00
65 - 80% Choice	1,925	1,111-1,350	1,241	84.56-90.00	89.03
35 - 65% Choice	3,062	970-1,285	1,103	84.56-91.32	88.93

63

0 - 35% Choice	114	992-1,201	1,091	87.45-90.50	88.89
MIXED STEER/HEIFER					
Over 80% Choice	88	1,150-1,150	1,150	90.33-90.33	90.33
65 - 80% Choice	188	1,150-1,350	1,304	87.25-89.45	87.75
35 - 65% Choice	287	1,100-1,250	1,217	87.25-89.90	87.50
0 - 35% Choice		-	-		
ALL STEERS & HEIFERS					
	8,795	970-1,380	1,196	84.56-94.90	89.38
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice		-	-		
65 - 80% Choice		-	-		
35 - 65% Choice	115	1,158-1,300	1,249	82.78-84.80	83.50
0 - 35% Choice		-	-		

Source: USDA Market News Service, St. Joseph, MO
816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

EXHIBIT E - Mar 7 Recalculated Report

LM_C151

St Joseph, MO Thu Jul 14, 2005 USDA Market News Service

NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday 3/6/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	122,689	18,684	141,373	125,678	124,353
Negotiated Grid Net:	44,400	814	45,214	41,407	
Forward Contract Net:	20,375	9,479	29,854	32,770	12,763

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	2,253	730-939	827	131.47-150.42	142.36
65 - 80% Choice	2,487	719-917	818	136.84-145.71	141.70
35 - 65% Choice	3,455	628-910	775	133.71-145.23	140.71
0 - 35% Choice	418	778-961	860	133.73-140.69	137.48
HEIFER					
Over 80% Choice	1,470	744-855	812	135.16-146.03	140.72
65 - 80% Choice	1,913	701-859	767	137.40-144.60	142.37
35 - 65% Choice	1,970	657-858	786	135.78-145.03	142.17
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	609	651-792	732	133.46-143.75	140.78
35 - 65% Choice	1,366	671-847	779	134.32-143.40	140.96
0 - 35% Choice	154	792-794	794	140.62-142.56	141.06
ALL STEERS & HEIFERS	16,095	628-961	794	131.47-150.42	141.41
MIXED STEER/HEIFER/COW					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	-	-	-	-	-
0 - 35% Choice	-	-	-	-	-
DAIRYBRED STEER/HEIFER					
Over 80% Choice	1,430	745-908	833	132.75-143.45	137.21
65 - 80% Choice	1,496	734-845	792	130.69-140.60	136.19
35 - 65% Choice	1,229	694-833	748	128.04-138.84	134.33
0 - 35% Choice	125	722-726	725	132.46-133.87	133.48

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	78	1,200-1,325	1,264	85.10-92.50	88.71
65 - 80% Choice	1,112	1,204-1,378	1,308	89.78-93.44	91.83
35 - 65% Choice	1,897	1,178-1,380	1,270	85.00-94.90	90.25
0 - 35% Choice	495	1,062-1,298	1,193	86.78-92.75	89.26
HEIFER					

65

Over 80% Choice	118	1,175-1,175	1,175	90.00-90.00	90.00
65 - 80% Choice	1,925	1,111-1,350	1,241	84.56-90.00	89.03
35 - 65% Choice	3,062	970-1,285	1,103	84.56-91.32	88.93
0 - 35% Choice	114	992-1,201	1,091	87.45-90.50	88.89
MIXED STEER/HEIFER					
Over 80% Choice	88	1,150-1,150	1,150	90.33-90.33	90.33
65 - 80% Choice	188	1,150-1,350	1,304	87.25-89.45	87.75
35 - 65% Choice	287	1,100-1,250	1,217	87.25-89.90	87.50
0 - 35% Choice	-	-	-	-	-
ALL STEERS & HEIFERS	9,364	970-1,380	1,205	84.56-94.90	89.54
MIXED STEER/HEIFER/COW					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	-	-	-	-	-
0 - 35% Choice	-	-	-	-	-
DAIRYBRED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	115	1,158-1,300	1,249	82.78-84.80	83.50
0 - 35% Choice	-	-	-	-	-

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

EXHIBIT F - Mar 14 Original Report

LM_C1151

St Joseph, MO Mon, Mar 14, 2005 USDA Market News Service
 NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday: 03/13/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	128,557	8,253	136,810	141,373	157,104
Negotiated Grid Net:	52,752	914	53,666	45,214	
Forward Contract Net:	7,365	3,920	11,285	29,854	8,909

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	262	778-778	778	149.91-149.91	149.91
65 - 80% Choice	1,040	686-951	820	137.38-148.81	145.63
35 - 65% Choice	2,586	672-948	769	135.94-145.87	142.82
0 - 35% Choice	371	779-903	784	135.12-144.82	139.16
HEIFER					
Over 80% Choice	127	835-837	836	138.88-139.69	139.13
65 - 80% Choice	78	820-853	837	134.59-140.69	137.52
35 - 65% Choice	973	693-789	729	136.42-142.48	139.04
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	183	759-812	785	137.07-141.88	140.18
0 - 35% Choice	-	-	-	-	-
ALL STEERS & HEIFERS	5,620	672-951	776	134.59-149.91	142.56
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	600	679-881	819	130.00-141.59	134.70
65 - 80% Choice	633	739-870	794	129.00-141.41	136.17
35 - 65% Choice	480	732-810	764	132.95-144.85	138.77
0 - 35% Choice	32	801-801	801	123.38-123.38	123.38

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	609	1,350-1,350	1,350	92.96-98.96	94.73
35 - 65% Choice	1,132	1,080-1,364	1,211	87.10-95.18	91.53
0 - 35% Choice	115	1,286-1,286	1,286	92.83-92.83	92.83
HEIFER					
Over 80% Choice	180	1,113-1,113	1,113	88.44-88.44	88.44
65 - 80% Choice	483	1,139-1,350	1,237	87.50-92.96	90.84
35 - 65% Choice	529	1,033-1,192	1,104	87.09-90.97	88.54

0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice					
65 - 80% Choice	180	1,350-1,350	1,350	92.96-92.96	92.96
35 - 65% Choice	172	1,196-1,200	1,197	87.82-90.46	89.60
0 - 35% Choice					
ALL STEERS & HEIFERS					
	3,400	1,033-1,364	1,227	87.09-98.96	91.40
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	411	1,208-1,395	1,300	77.00-82.00	78.46
65 - 80% Choice	35	1,283-1,283	1,283	77.00-77.00	77.00
35 - 65% Choice	74	1,300-1,300	1,300	82.78-82.78	82.78
0 - 35% Choice					

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

1130C

EXHIBIT G - Mar 14 Recalculated Report
 LM_C7151
 St Joseph, MO Thu Jul 14, 2005 USDA Market News Service
 NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday 3/13/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	128,557	8,253	136,810	141,373	157,104
Negotiated Grid Net:	52,752	914	53,666	45,214	
Forward Contract Net:	6,770	4,515	11,285	29,854	8,909

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	262	778-778	778	149.91-149.91	149.91
65 - 80% Choice	445	686-951	764	137.38-145.83	140.93
35 - 65% Choice	2,586	672-948	769	135.94-145.87	142.82
0 - 35% Choice	371	779-903	784	135.12-144.82	139.16
HEIFER					
Over 80% Choice	127	835-837	836	138.88-139.69	139.13
65 - 80% Choice	78	820-853	837	134.59-140.69	137.52
35 - 65% Choice	973	693-789	729	136.42-142.48	139.04
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	183	759-812	785	137.07-141.88	140.18
0 - 35% Choice	-	-	-	-	-
ALL STEERS & HEIFERS	5,025	672-951	766	134.59-149.91	141.75
MIXED STEER/HEIFER/COW					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	-	-	-	-	-
0 - 35% Choice	-	-	-	-	-
DAIRYBRED STEER/HEIFER					
Over 80% Choice	600	679-881	819	130.00-141.59	134.70
65 - 80% Choice	633	739-870	794	129.00-141.41	136.17
35 - 65% Choice	480	732-810	764	132.95-144.85	138.77
0 - 35% Choice	32	801-801	801	123.38-123.38	123.38

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	1,204	1,350-1,432	1,379	92.00-98.96	93.38
35 - 65% Choice	1,132	1,080-1,364	1,211	87.10-95.18	91.53
0 - 35% Choice	115	1,286-1,286	1,286	92.83-92.83	92.83
HEIFER					
Over 80% Choice	180	1,113-1,113	1,113	88.44-88.44	88.44

65 - 80% Choice	483	1,139-1,350	1,237	87.50-92.96	90.84
35 - 65% Choice	529	1,033-1,192	1,104	87.09-90.97	88.54
0 - 35% Choice		-		-	
MIXED STEER/HEIFER					
Over 80% Choice		-		-	
65 - 80% Choice	180	1,350-1,350	1,350	92.96-92.96	92.96
35 - 65% Choice	172	1,196-1,200	1,197	87.82-90.46	89.60
0 - 35% Choice		-		-	
ALL STEERS & HEIFERS					
	3,995	1,033-1,432	1,254	87.09-98.96	91.49
MIXED STEER/HEIFER/COW					
Over 80% Choice		-		-	
65 - 80% Choice		-		-	
35 - 65% Choice		-		-	
0 - 35% Choice		-		-	
DAIRYBRED STEER/HEIFER					
Over 80% Choice	411	1,208-1,395	1,300	77.00-82.00	78.46
65 - 80% Choice	35	1,283-1,283	1,283	77.00-77.00	77.00
35 - 65% Choice	74	1,300-1,300	1,300	82.78-82.78	82.78
0 - 35% Choice		-		-	

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

EXHIBIT F - Mar 14 Original Report

LM_CT151

St Joseph, MO Mon, Mar 14, 2005 USDA Market News Service
 NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday: 03/13/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	128,557	8,253	136,810	141,373	157,104
Negotiated Grid Net:	52,752	914	53,666	45,214	
Forward Contract Net:	7,365	3,920	11,285	29,854	8,909

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	262	778-778	778	149.91-149.91	149.91
65 - 80% Choice	1,040	686-951	820	137.38-148.81	145.63
35 - 65% Choice	2,586	672-948	769	135.94-145.87	142.82
0 - 35% Choice	371	779-903	784	135.12-144.82	139.16
HEIFER					
Over 80% Choice	127	835-837	836	138.88-139.69	139.13
65 - 80% Choice	78	820-853	837	134.59-140.69	137.52
35 - 65% Choice	973	693-789	729	136.42-142.48	139.04
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	183	759-812	785	137.07-141.88	140.18
0 - 35% Choice	-	-	-	-	-
ALL STEERS & HEIFERS					
	5,620	672-951	776	134.59-149.91	142.56
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	600	679-881	819	130.00-141.59	134.70
65 - 80% Choice	633	739-870	794	129.00-141.41	136.17
35 - 65% Choice	480	732-810	764	132.95-144.85	138.77
0 - 35% Choice	32	801-801	801	123.38-123.38	123.38

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	609	1,350-1,350	1,350	92.96-98.96	94.73
35 - 65% Choice	1,132	1,080-1,364	1,211	87.10-95.18	91.53
0 - 35% Choice	115	1,286-1,286	1,286	92.83-92.83	92.83
HEIFER					
Over 80% Choice	180	1,113-1,113	1,113	88.44-88.44	88.44
65 - 80% Choice	483	1,139-1,350	1,237	87.50-92.96	90.84
35 - 65% Choice	529	1,033-1,192	1,104	87.09-90.97	88.54

0 - 35% Choice		-		-	
MIXED STEER/HEIFER					
Over 80% Choice		-		-	
65 - 80% Choice	180	1,350-1,350	1,350	92.96-92.96	92.96
35 - 65% Choice	172	1,196-1,200	1,197	87.82-90.46	89.60
0 - 35% Choice		-		-	
ALL STEERS & HEIFERS					
	3,400	1,033-1,364	1,227	87.09-98.96	91.40
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	411	1,208-1,395	1,300	77.00-82.00	78.46
65 - 80% Choice	35	1,283-1,283	1,283	77.00-77.00	77.00
35 - 65% Choice	74	1,300-1,300	1,300	82.78-82.78	82.78
0 - 35% Choice		-		-	

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

1130C

**Agriculture Marketing Service Response
to Questions for the Record from
Senator Grassley**

Question: You mentioned that the Agricultural Marketing Service (AMS) had conducted its own investigation and audit of the Nebraska cattle trade that could not be found in the reports. Could you please provide my office with that report and did the Audit Review and Compliance section independently investigate or have input? In order to fully understand for myself what happened in this transaction I would especially like to see that lot or lots, however they are reported, tracked through the entire system. This should include the Live Cattle Daily Report (Current Established Prices), which according to the law, should have been initiated on January thirteenth (the day after the sale) and the Live Cattle Daily (Committed and Delivered Cattle) Report for that lot(s). If you could, also take the time to highlight or underscore for me where these cattle are included on the respective public reports. Finally, I would like to view any written and/or electronic correspondence your various offices may have had in regard to this transaction.

Response: Mr. Hommes, who was not the producer, initially brought the Nebraska cattle to our attention. However, because Mr. Hommes was a third-party and the producer did not personally discuss the transaction with Market News, Market News could not verify to Mr. Hommes that the cattle were reported.

The Audit, Review, and Compliance Branch was instructed to specifically look for these cattle in the packer's records during the next scheduled audit of the packer. AMS did not want to compromise the producer's identity to the packer by conducting a special audit to look specifically for those cattle.

When the Nebraska cattle issue continued to be unresolved and became public knowledge, Market News employees, using limited information, contacted the packer and requested that the packer provide records to help identify and verify the transaction. The information the packer provided allowed market news to track the data through the Market News Information System (MNIS). The packer correctly reported the cattle at the time the contract was made with the producer. The packer also reported the cattle during the correct time period when the cattle were slaughtered. However, the cattle were reported on a dressed basis and should have been reported on a live basis because that is the way the transaction was originally negotiated.

Attached are the records extracted from the MNIS that show the details of the transactions that were reported by the packer and the dressed and live sections of the report where the cattle were reported on a dressed basis and the recalculated sections of the report with the cattle reported on a live basis.

- Exhibit A: Cattle Reported to AMS when Contracted
- Exhibit B: Cattle Included in Published Report
- Exhibit C: Cattle Reported to AMS when Slaughtered

Exhibit D: First Two Lots Published in Report on Dressed Basis

Exhibit E: First Two Lots Recalculated on Live Basis

Exhibit F: Third and Fourth Lots Published in Report on Dressed Basis

Exhibit G: Third and Fourth Lots Recalculated on Live Basis

Exhibit H: Correspondence with Mr. Hommes

Question: I would also like to hear of your recommendations as to how these types of misunderstandings might be avoided in the future. I am particularly concerned about what steps you might suggest that would better equip a producer to have their various transactions confirmed by the AMS. Will this area be reviewed before we move forward regardless of the period of re-authorization?

Response: In order for AMS to discuss individual transactions with the producer, the parties involved in the transaction should have all the details of the transaction, including the settlement information. We are in the process of reviewing our procedures for handling these types of inquiries to ensure that producers can continue to verify that their livestock have been included in the published reports. The reauthorization time period will not affect this process.

Question: I am told that Mr. Hommes of the Iowa Department of Agriculture, maintains that he was told by Mr. Jim Epstein, head of your eastern division in Des Moines, confirmed to him that the Nebraska trade was not reported. Is Mr. Hommes in error or mistaken? Could you please contact Mr. Epstein and provide me with his statement on this subject. It seems this may have contributed to this situation that still today does not seem to have been fully disclosed.

Response: Mr. Hommes contacted Mr. Jim Epstein concerning the Nebraska cattle. Mr. Epstein does not oversee live cattle reporting and could not confirm whether the cattle were or were not reported. Mr. Epstein directed him to contact the AMS Market News Office in St. Joseph, Missouri.

Question: Your testimony indicated that you are reporting 75 to 80 percent of the cattle market. Is that percentage a comparison to official FSIS data or the percent of the cattle which are reported to the AMS? Does your office employ some form of a bell curve or other guideline to eliminate any top or bottom end cattle? In either case, could you provide me a brief summary of why the other 20 to 25 percent do not get reported?

Response: The reference to reporting 75 to 80 percent of the cattle market is compared to official FSIS slaughter data. AMS does not employ a bell curve or other statistical procedure to eliminate top or bottom end priced cattle. Based on the authority given to the Secretary in the Act, Market News eliminates any transactions that would distort published reports to the detriment of market participants if the reporter is unable to confirm the transaction or otherwise resolve the issue within the one hour timeframe provided in the Act for processing the data. The 20 to 25 percent of the cattle market that is not reported consists of purchases that are made at auctions, which are not covered transactions under the Act, and transactions made by packers not subject to the Act.

Question: You mentioned that the AMS now has two pending actions with funds in escrow on the condition that further violations are not found for another year. Please provide the names of the companies involved and the nature of the offenses. Also, I would like to know what standard steps the Department takes or plans to take to inform the public of violations. Beyond the two violations now in escrow, would it be fair to say that the Department has to date received no funds for violations?

Response: The two packers that were assessed civil penalties that were held in abeyance are B. Rosen and Sons Inc. and Chiappetti Wholesale Meat Company. Both packers failed to submit information on all covered sales of boxed lamb products.

In the future, the Department is considering publishing the names of the companies that are assessed civil penalties under the Act and have reached an agreement with AMS.

No funds have been collected or escrowed by the packers for violations of the Act.

Question: Your testimony states that you are looking at some definitional changes. You also state that the negotiated cash transactions continue to be a smaller share of the reports. Are there specific definitional ideas you have that might address the shrinking number of livestock reported under a cash negotiated basis? And, what are the specific definitional changes you would suggest to more clearly delineate the data to be reported.

Response: The definition changes under consideration are for clarification purposes that would better define the information that is reported and how the information is published. Modifying these definitions would not affect how livestock are marketed and would not impact the number of livestock that are traded and reported on a negotiated cash basis.

As an example, the definition of "Basis Level" could be modified to include the agreed upon month to establish the final price in addition to the agreed on adjustment to a future price. This would allow AMS to report the month that the livestock are scheduled for slaughter. Another definition change under consideration relates to Committed and Delivered cattle. Producers are interested in the volume of cattle that packers have under their control for slaughter. Currently it is difficult for the industry to accurately identify the volume of cattle the packers have under their control and when these cattle are scheduled for slaughter. AMS believes revising sections that require reporting of "committed and delivered" cattle to reporting "scheduled for slaughter" similar to the current hog reporting requirements would provide the industry with improved information. Packers would be required to report each morning the volume of cattle scheduled for slaughter for each of the next 14 days and for other specified periods beyond 14 days.

Question: I am pleased to see that you plan to include the addition of pork cuts into your reporting process. If reauthorization is provided, how long would it be before wholesale pork would be incorporated into your reports?

Response: We estimate that it could take up to one year to publish a proposed and final rule in the Federal Register and develop the necessary software for pork cut reporting.

Question 5: You have obviously met with some industry groups on this such as the NCBA, NPPC and the AMI, what other groups or organizations have you met with or asked for input?

Response: In addition to those mentioned, AMS has met with the National Meat Association, the Southwest Meat Association, and the American Sheep Industry Association.

Question 6: You stated that only eight firms did not agree to participate while you operated for the brief period on a voluntary basis. Please provide my office with the list of those firms.

Response: The firms that did not agree to participate on a voluntary basis are: Pine Ridge Packing Co., Greenwood Packing Co., Aurora Packing Co., Brown Packing Co., L & H Packing, Chiappetti Wholesale Meat Co., Grove Meat Co., and Den Franco.

***NEW –Post report...** Your investigation report to Secretary Johanns states that: “the packer should have reported a net live price.”

Question: Why did you not point that out at when asked at the hearing? I believe you said they were reported correctly. Was this a correctly reported transaction from start to finish by the packer and the AMS?

Response: As noted on page 23 in the Draft Hearing Transcript of Proceedings, AMS stated that the cattle “. . . were reported on a dressed basis rather than a live basis.” “They should have been reported live because that is the way the transaction was originally set up.” The packer correctly reported the cattle at the time the contract was made with the producer. The packer also reported the cattle during the correct time period when the cattle were slaughtered. However, the cattle were reported on a dressed basis and should have been reported on a live basis because that is the way the transaction was originally negotiated

Question: Could you please address the issue of report timing and the law. Specifically, at the time of slaughter.

Response: The current reporting time of 7:00 a.m. Central Time does not provide sufficient time for packers to review data for accuracy prior to submission to AMS, especially for packers located in the Mountain and Pacific Time zones. Changing the reporting time to later in the morning should provide packers an opportunity to review data and provide more accurate information to AMS.

Also, consideration should be given to modifying the reporting times in the Act that will allow AMS flexibility to establish specific reporting times through regulations. AMS

could revise required reporting times to coincide with changing marketing structures and packer buying and selling practices

Question: Secretary Judge's letter contends that you have no means to confirm a trade was actually reported and reported correctly. It has nothing to do with a third party. I understand you can *discuss* with a producer. My question, and I believe hers was, can you confirm with the producers their trade was actually included or not included in the reports?

Response: If the producer involved in the transaction provides AMS with the necessary information, AMS can confirm to that producer that his or her transaction was reported and that the trade was included in the published reports.

Question: Did the Audit and Compliance Branch play a significant role in this investigation and do they have a report available regarding their own findings?

Response: The Audit and Compliance Branch was instructed to conduct an audit as explained in the answer to your first question. The Audit, Review, and Compliance Branch did not file a report and did not play a significant role in the investigation because Market News obtained details of the transaction from the packer before an audit was conducted. Market News has provided the Government Accountability Office with the information Market News obtained during its investigation.

As referenced, EXHIBITS A-H are attached.

EXHIBIT A
Form LS115C submitted 1-17-05

Record	Exclude	Input Date/Time	Reporting I Lot	Identifi	Head Count	Basis Leve	Delivery Month
Valid	No	1/17/2005 8:40	1/17/2005	69108	100	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69110	200	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69111	700	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69113	120	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69114	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69115	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69116	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69117	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69118	140	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69120	40	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69121	175	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	69155	1244	0	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69157	2170	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69164	40	-1.5	Oct
Valid	No	1/17/2005 8:40	1/17/2005	69165	40	-2	Sep
Valid	No	1/17/2005 8:40	1/17/2005	68967	160	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	68968	40	0	May
Valid	No	1/17/2005 8:40	1/17/2005	68969	40	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	68970	79	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	68971	200	0	Apr
Valid	No	1/17/2005 8:40	1/17/2005	68972	220	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	68974	268	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	68980	2516	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69097	1165	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69099	174	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69101	75	-1.5	Sep
Valid	No	1/17/2005 8:40	1/17/2005	69102	160	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69103	160	0	Feb
Valid	No	1/17/2005 8:40	1/17/2005	69105	195	1	Mar
Valid	No	1/17/2005 8:40	1/17/2005	69106	290	-0.5	Apr
Valid	No	1/17/2005 8:40	1/17/2005	69107	50	-1	Apr

EXHIBIT B - Original Report
 LM_CT153
 St. Joseph, Mo Mon Jan 17, 2005 USDA Market News

NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE - PRIOR WEEK SLAUGHTER AND CONTRACT PURCHASES
 For Week Ending Sunday, 1/16/2005

Total Formula and Contracts: 113,898

C: FORWARD CONTRACT PURCHASED CATTLE WEEKLY

Total New signings last week:	Cumulative Total for listed months:
58,093	468,093

Delivery Month	New Last Week	Cumulative Total For Month	Basis Level	Basis Wtg
			Min	Max
January, 2005	17,905	126,301	(\$1.25)	\$0.00
February, 2005	12,677	112,548	(\$2.40)	\$0.00
March, 2005	4,064	32,600	(\$1.00)	\$1.00
April, 2005	13,935	75,292	(\$1.00)	\$1.00
May, 2005	3,366	38,872	\$0.00	\$3.00
June, 2005	3,068	33,144	(\$0.50)	\$1.50
July, 2005	886	17,467	(\$1.00)	\$0.00
August, 2005	1,381	14,438	(\$1.00)	\$0.00
September, 2005	115	4,427	(\$2.00)	(\$1.50)
October, 2005	696	5,423	(\$2.00)	(\$1.50)
November, 2005		1,462		
December, 2005		6,119		

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct153.txt

EXHIBIT C - Is113 Contract purchases

Original

Reporting Date	Lot Id	Purchase Type	Code	Class	Code	Selling Basis	Head C	Estimated Avg Price	Origin
3/1/2005	147	Forward Contract Net		Steer	Dressed	41	909	\$141.26	Nebraska
3/1/2005	148	Forward Contract Net		Steer	Dressed	37	893	\$137.85	Nebraska
3/1/2005	244	Forward Contract Net		Steer	Dressed	45	660	\$142.30	Nebraska
3/1/2005	113	Forward Contract Net		Steer	Dressed	200	792	\$145.23	Nebraska
3/1/2005	114	Forward Contract Net		Steer	Dressed	200	773	\$145.23	Nebraska
3/1/2005	146	Forward Contract Net	Steer	Dressed	209	842	\$150.56	Nebraska	
3/1/2005	239	Forward Contract Net	Steer	Dressed	360	800	\$150.47	Nebraska	
3/2/2005	329	Forward Contract Net		Steer	Dressed	41	818	\$141.82	Nebraska
3/2/2005	346	Forward Contract Net		Steer	Dressed	121	939	\$140.18	Nebraska
3/3/2005	415	Forward Contract Net		Steer	Dressed	55	854	\$143.80	Nebraska
3/3/2005	454	Forward Contract Net		Steer	Dressed	104	931	\$140.18	Nebraska
3/3/2005	417	Forward Contract Net		Steer	Dressed	79	835	\$141.82	Nebraska
3/4/2005	147	Forward Contract Net		Steer	Dressed	203	764	\$145.23	Nebraska
3/4/2005	142	Forward Contract Net		Steer	Dressed	160	818	\$144.95	Nebraska
3/4/2005	143	Forward Contract Net		Steer	Dressed	200	730	\$145.71	Nebraska
3/4/2005	144	Forward Contract Net		Steer	Dressed	334	908	\$142.07	Nebraska
3/7/2005	251	Forward Contract Net		Steer	Dressed	173	834	\$150.42	Nebraska
3/7/2005	252	Forward Contract Net		Steer	Dressed	200	751	\$145.23	Nebraska
3/7/2005	260	Forward Contract Net		Steer	Dressed	39	719	\$145.71	Nebraska
3/7/2005	145	Forward Contract Net		Steer	Dressed	162	917	\$136.84	Nebraska
3/7/2005	224	Forward Contract Net		Steer	Dressed	169	744	\$145.71	Nebraska
3/7/2005	225	Forward Contract Net		Steer	Dressed	337	847	\$144.96	Nebraska
3/7/2005	226	Forward Contract Net		Steer	Dressed	203	744	\$145.06	Nebraska
3/8/2005	366	Forward Contract Net		Steer	Dressed	200	760	\$145.23	Nebraska
3/9/2005	401	Forward Contract Net	Steer	Dressed	249	865	\$148.80	Nebraska	
3/10/2005	502	Forward Contract Net		Steer	Dressed	371	751	\$145.23	Nebraska
3/10/2005	501	Forward Contract Net	Steer	Dressed	346	861	\$148.81	Nebraska	
3/14/2005	125	Forward Contract Net		Steer	Dressed	45	745	\$141.39	Nebraska
3/14/2005	128	Forward Contract Net		Steer	Dressed	179	783	\$145.23	Nebraska
3/14/2005	149	Forward Contract Net		Steer	Dressed	225	789	\$145.23	Nebraska

EXHIBIT D ~ Mar 7 Original Report

LM_CT151

St Joseph, MO Mon, Mar 07, 2005 USDA Market News Service
 NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday: 03/06/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	122,689	18,684	141,373	125,678	124,353
Negotiated Grid Net:	44,400	814	45,214	41,407	
Forward Contract Net:	20,944	8,910	29,854	32,770	12,763

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	2,253	730-939	827	131.47-150.42	142.36
65 - 80% Choice	3,056	719-917	818	136.84-150.56	143.29
35 - 65% Choice	3,455	628-910	775	133.71-145.23	140.71
0 - 35% Choice	418	778-961	860	133.73-140.69	137.48
HEIFER					
Over 80% Choice	1,470	744-855	812	135.16-146.03	140.72
65 - 80% Choice	1,913	701-859	767	137.40-144.60	142.37
35 - 65% Choice	1,970	657-858	786	135.78-145.03	142.17
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	609	651-792	732	133.46-143.75	140.78
35 - 65% Choice	1,366	671-847	779	134.32-143.40	140.96
0 - 35% Choice	154	792-794	794	140.62-142.56	141.06
ALL STEERS & HEIFERS	16,664	628-961	795	131.47-150.56	141.72
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	1,430	745-908	833	132.75-143.45	137.21
65 - 80% Choice	1,496	734-845	792	130.69-140.60	136.19
35 - 65% Choice	1,229	694-833	748	128.04-138.84	134.33
0 - 35% Choice	125	722-726	725	132.46-133.87	133.48

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	78	1,200-1,325	1,264	85.10-92.50	88.71
65 - 80% Choice	543	1,204-1,350	1,281	89.78-93.44	91.64
35 - 65% Choice	1,897	1,178-1,380	1,270	85.00-94.90	90.25
0 - 35% Choice	495	1,062-1,298	1,193	86.78-92.75	89.26
HEIFER					
Over 80% Choice	118	1,175-1,175	1,175	90.00-90.00	90.00
65 - 80% Choice	1,925	1,111-1,350	1,241	84.56-90.00	89.03
35 - 65% Choice	3,062	970-1,285	1,103	84.56-91.32	88.93

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0 - 35% Choice	114	992-1,201	1,091	87.45-90.50	88.89
MIXED STEER/HEIFER					
Over 80% Choice	88	1,150-1,150	1,150	90.33-90.33	90.33
65 - 80% Choice	188	1,150-1,350	1,304	87.25-89.45	87.75
35 - 65% Choice	287	1,100-1,250	1,217	87.25-89.90	87.50
0 - 35% Choice		-	-		
ALL STEERS & HEIFERS					
	8,795	970-1,380	1,196	84.56-94.90	89.38
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice		-	-		
65 - 80% Choice		-	-		
35 - 65% Choice	115	1,158-1,300	1,249	82.78-84.80	83.50
0 - 35% Choice		-	-		

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

EXHIBIT E - Mar 7 Recalculated Report

LM_CTI151

St Joseph, MO Thu Jul 14, 2005 USDA Market News Service

NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday 3/6/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	122,689	18,684	141,373	125,678	124,353
Negotiated Grid Net:	44,400	814	45,214	41,407	
Forward Contract Net:	20,375	9,479	29,854	32,770	12,763

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	2,253	730-939	827	131.47-150.42	142.36
65 - 80% Choice	2,487	719-917	818	136.84-145.71	141.70
35 - 65% Choice	3,455	628-910	775	133.71-145.23	140.71
0 - 35% Choice	418	778-961	860	133.73-140.69	137.48
HEIFER					
Over 80% Choice	1,470	744-855	812	135.16-146.03	140.72
65 - 80% Choice	1,913	701-859	767	137.40-144.60	142.37
35 - 65% Choice	1,970	657-858	786	135.78-145.03	142.17
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	609	651-792	732	133.46-143.75	140.78
35 - 65% Choice	1,366	671-847	779	134.32-143.40	140.96
0 - 35% Choice	154	792-794	794	140.62-142.56	141.06
ALL STEERS & HEIFERS	16,095	628-961	794	131.47-150.42	141.41
MIXED STEER/HEIFER/COW					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	-	-	-	-	-
0 - 35% Choice	-	-	-	-	-
DAIRYBRED STEER/HEIFER					
Over 80% Choice	1,430	745-908	833	132.75-143.45	137.21
65 - 80% Choice	1,496	734-845	792	130.69-140.60	136.19
35 - 65% Choice	1,229	694-833	748	128.04-138.84	134.33
0 - 35% Choice	125	722-726	725	132.46-133.87	133.48

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	78	1,200-1,325	1,264	85.10-92.50	88.71
65 - 80% Choice	1,112	1,204-1,378	1,308	89.78-93.44	91.83
35 - 65% Choice	1,897	1,178-1,380	1,270	85.00-94.90	90.25
0 - 35% Choice	495	1,062-1,298	1,193	86.78-92.75	89.26
HEIFER					

Over 80% Choice	118	1,175-1,175	1,175	90.00-90.00	90.00
65 - 80% Choice	1,925	1,111-1,350	1,241	84.56-90.00	89.03
35 - 65% Choice	3,062	970-1,285	1,103	84.56-91.32	88.93
0 - 35% Choice	114	992-1,201	1,091	87.45-90.50	88.89
MIXED STEER/HEIFER					
Over 80% Choice	88	1,150-1,150	1,150	90.33-90.33	90.33
65 - 80% Choice	188	1,150-1,350	1,304	87.25-89.45	87.75
35 - 65% Choice	287	1,100-1,250	1,217	87.25-89.90	87.50
0 - 35% Choice	-	-	-	-	-
ALL STEERS & HEIFERS	9,364	970-1,380	1,205	84.56-94.90	89.54
MIXED STEER/HEIFER/COW					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	-	-	-	-	-
0 - 35% Choice	-	-	-	-	-
DAIRYBRED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	115	1,158-1,300	1,249	82.78-84.80	83.50
0 - 35% Choice	-	-	-	-	-

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

EXHIBIT F - Mar 14 Original Report

LM_CTI151

St Joseph, MO Mon, Mar 14, 2005 USDA Market News Service
NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday: 03/13/2005

	Dressed:	Live:	Total:	Total Week Ago:	Total Year Ago:
Formula Net:	128,557	8,253	136,810	141,373	157,104
Negotiated Grid Net:	52,752	914	53,666	45,214	
Forward Contract Net:	7,365	3,920	11,285	29,854	8,909

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	262	778-778	778	149.91-149.91	149.91
65 - 80% Choice	1,040	686-951	820	137.38-148.81	145.63
35 - 65% Choice	2,586	672-948	769	135.94-145.87	142.82
0 - 35% Choice	371	779-903	784	135.12-144.82	139.16
HEIFER					
Over 80% Choice	127	835-837	836	138.88-139.69	139.13
65 - 80% Choice	78	820-853	837	134.59-140.69	137.52
35 - 65% Choice	973	693-789	729	136.42-142.48	139.04
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	183	759-812	785	137.07-141.88	140.18
0 - 35% Choice	-	-	-	-	-
ALL STEERS & HEIFERS					
	5,620	672-951	776	134.59-149.91	142.56
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	600	679-881	819	130.00-141.59	134.70
65 - 80% Choice	633	739-870	794	129.00-141.41	136.17
35 - 65% Choice	480	732-810	764	132.95-144.85	138.77
0 - 35% Choice	32	801-801	801	123.38-123.38	123.38

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	609	1,350-1,350	1,350	92.96-98.96	94.73
35 - 65% Choice	1,132	1,080-1,364	1,211	87.10-95.18	91.53
0 - 35% Choice	115	1,286-1,286	1,286	92.83-92.83	92.83
HEIFER					
Over 80% Choice	180	1,113-1,113	1,113	88.44-88.44	88.44
65 - 80% Choice	483	1,139-1,350	1,237	87.50-92.96	90.84
35 - 65% Choice	529	1,033-1,192	1,104	87.09-90.97	88.54

0 ~ 35% Choice		-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice		-	-	-	-
65 ~ 80% Choice	180	1,350-1,350	1,350	92.96-92.96	92.96
35 ~ 65% Choice	172	1,196-1,200	1,197	87.82-90.46	89.60
0 ~ 35% Choice		-	-	-	-
ALL STEERS & HEIFERS					
	3,400	1,033-1,364	1,227	87.09-98.96	91.40
MIXED STEER/HEIFER/COW					
No Trade Reported.					
DAIRYBRED STEER/HEIFER					
Over 80% Choice	411	1,208-1,395	1,300	77.00-82.00	78.46
65 ~ 80% Choice	35	1,283-1,283	1,283	77.00-77.00	77.00
35 ~ 65% Choice	74	1,300-1,300	1,300	82.78-82.78	82.78
0 ~ 35% Choice		-	-	-	-

Source: USDA Market News Service, St. Joseph, MO
 816-238-0678 email: stjoe.lgmn@usda.gov
www.ams.usda.gov/mnreports/lm_ct151.txt

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EXHIBIT G - Mar 14 Recalculated Report

LM_CT151

St Joseph, MO Thu Jul 14, 2005 USDA Market News Service

NATIONAL WEEKLY DIRECT SLAUGHTER CATTLE REPORT - FORMULATED AND FORWARD CONTRACT

DOMESTIC CATTLE ONLY

For cattle priced during Week ending Sunday 3/13/2005

	Dressed:	Live:	Total:	Week Ago:	Total Year Ago:
Formula Net:	128,557	8,253	136,810	141,373	157,104
Negotiated Grid Net:	52,752	914	53,666	45,214	
Forward Contract Net:	6,770	4,515	11,285	29,854	8,909

FORWARD CONTRACT NET: Dressed Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	262	778-778	778	149.91-149.91	149.91
65 - 80% Choice	445	686-951	764	137.38-145.83	140.93
35 - 65% Choice	2,586	672-948	769	135.94-145.87	142.82
0 - 35% Choice	371	779-903	784	135.12-144.82	139.16
HEIFER					
Over 80% Choice	127	835-837	836	138.88-139.69	139.13
65 - 80% Choice	78	820-853	837	134.59-140.69	137.52
35 - 65% Choice	973	693-789	729	136.42-142.48	139.04
0 - 35% Choice	-	-	-	-	-
MIXED STEER/HEIFER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	183	759-812	785	137.07-141.88	140.18
0 - 35% Choice	-	-	-	-	-
ALL STEERS & HEIFERS	5,025	672-951	766	134.59-149.91	141.75
MIXED STEER/HEIFER/COW					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	-	-	-	-	-
35 - 65% Choice	-	-	-	-	-
0 - 35% Choice	-	-	-	-	-
DAIRYBRED STEER/HEIFER					
Over 80% Choice	600	679-881	819	130.00-141.59	134.70
65 - 80% Choice	633	739-870	794	129.00-141.41	136.17
35 - 65% Choice	480	732-810	764	132.95-144.85	138.77
0 - 35% Choice	32	801-801	801	123.38-123.38	123.38

FORWARD CONTRACT NET: Live Basis

	Head Count	Weight Range	Avg Wt	Price Range	Avg Price
STEER					
Over 80% Choice	-	-	-	-	-
65 - 80% Choice	1,204	1,350-1,432	1,379	92.00-98.96	93.38
35 - 65% Choice	1,132	1,080-1,364	1,211	87.10-95.18	91.53
0 - 35% Choice	115	1,286-1,286	1,286	92.83-92.83	92.83
HEIFER					
Over 80% Choice	180	1,113-1,113	1,113	88.44-88.44	88.44

65 - 80% Choice	483	1,139-1,350	1,237	87.50-92.96	90.84
35 - 65% Choice	529	1,033-1,192	1,104	87.09-90.97	88.54
0 - 35% Choice		-		-	
MIXED STEER/HEIFER					
Over 80% Choice		-		-	
65 - 80% Choice	180	1,350-1,350	1,350	92.96-92.96	92.96
35 - 65% Choice	172	1,196-1,200	1,197	87.82-90.46	89.60
0 - 35% Choice		-		-	
ALL STEERS & HEIFERS					
	3,995	1,033-1,432	1,254	87.09-98.96	91.49
MIXED STEER/HEIFER/COW					
Over 80% Choice		-		-	
65 - 80% Choice		-		-	
35 - 65% Choice		-		-	
0 - 35% Choice		-		-	
DAIRYBRED STEER/HEIFER					
Over 80% Choice	411	1,208-1,395	1,300	77.00-82.00	78.46
65 - 80% Choice	35	1,283-1,283	1,283	77.00-77.00	77.00
35 - 65% Choice	74	1,300-1,300	1,300	82.78-82.78	82.78
0 - 35% Choice		-		-	

Source: USDA Market News Service, St. Joseph, MO
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